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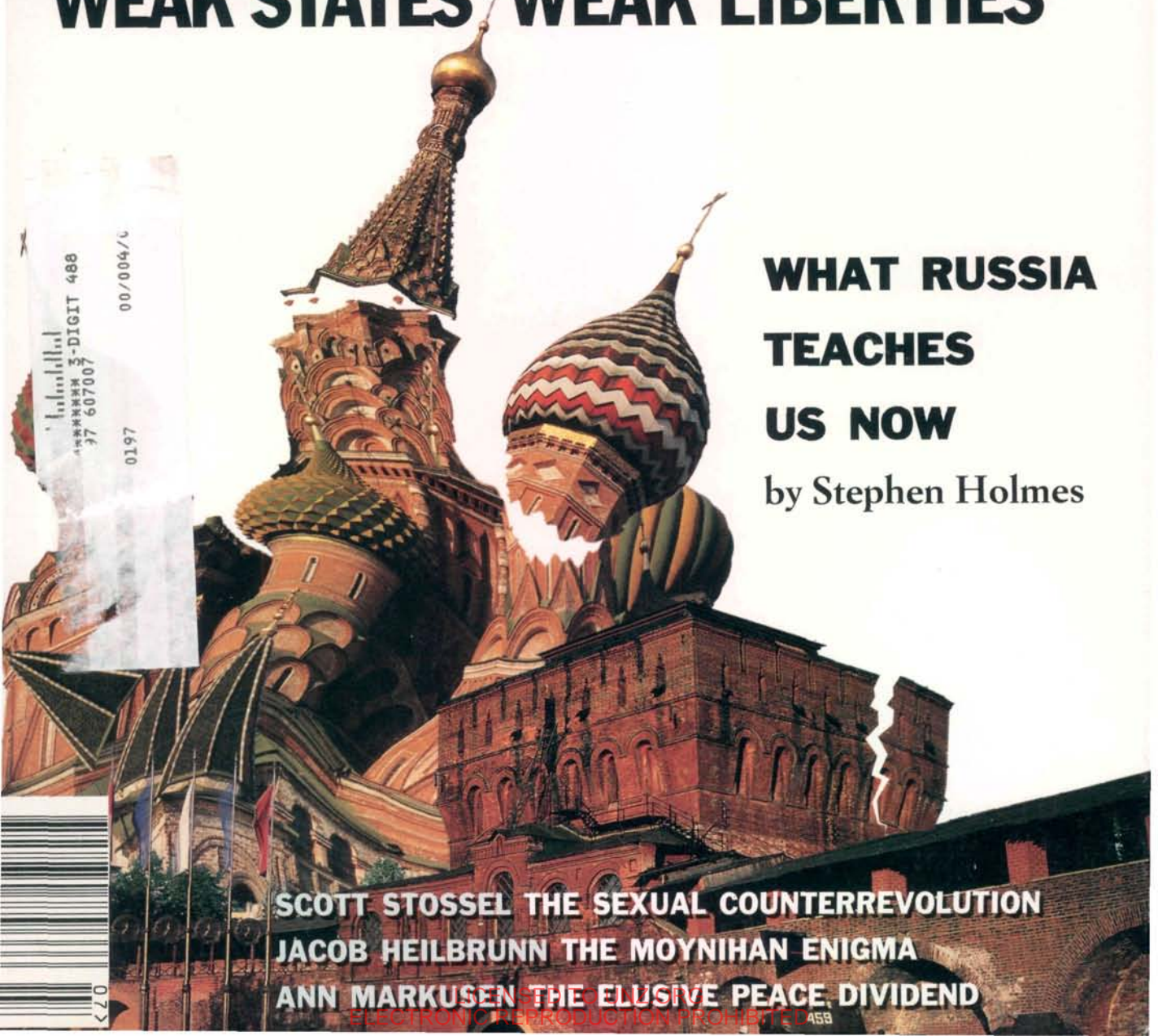
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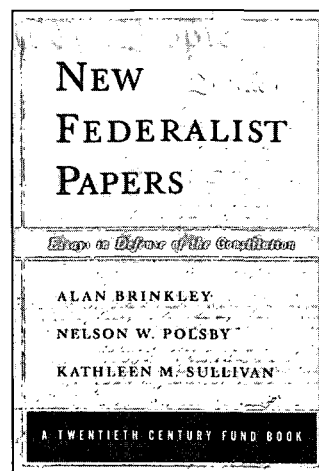
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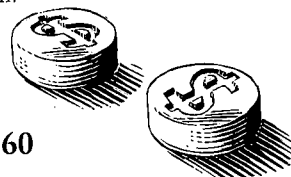
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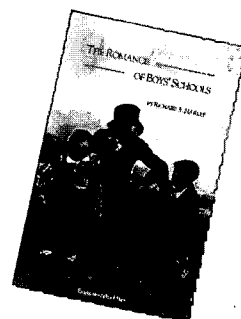
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Does liberty exist outside of political society? Madison thought not. Likewise Aristotle. Paradoxically, it takes a "strong" state to guarantee liberty, property, and civil society. In our own time, the excesses of the leviathan state have been used to impeach the necessary role of the democratic one. But as Stephen Holmes explains in our cover article, post-Soviet Russia demonstrates how a feeble and corrupt state can be as corrosive of liberty as an overweening state. In a related essay, Paul Starr challenges the high-tech libertarians who see government as obsolete and radical individualism triumphant on the digital frontier.

The claim of the marketplace to trump competing values continues to inform other great debates. Elsewhere in this issue ("The Chile Con"), Stephen Kay finds flaws in Chile's highly touted social security privatization. Robert Dreyfuss investigates private industry's latest attempt to hijack the Food and Drug Administration. And Geoffrey Nunberg explores the right's oddly coercive proposal that Americans banish the public use of any language but English. We also continue the family values debate, in our Controversy section and in Scott Stossel's essay on the sexual counterrevolution.

With this issue, executive editor Jonathan Cohn, a *Prospect* stalwart for five years, leaves these precincts to join the *New Republic*. Scott Stossel becomes our new managing editor. We also welcome to the masthead contributing editors Ellen Miller, a leading advocate of campaign finance reform, and Laura Tyson, formerly the chair of the President's Council of Economic Advisors and now professor of economics at the University of California, Berkeley. Lauren Horwitz joins us as administrative assistant, and Amy Butcher as circulation assistant. □

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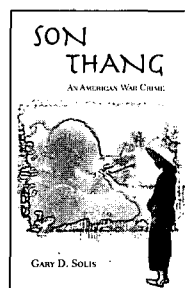
VIETNAM

SON THANG An American War Crime

by Gary D. Solis

Three months after Army lieutenant William Calley was charged with the infamous massacre of civilians at My Lai, the Marine Corps had to deal with a savage war crime of its own. West Point law professor Gary Solis, a Marine combat officer in Vietnam and later a judge advocate, describes the crime—the murder of 16 women and children by five Marines at Son Thang-4—and then examines the problematic investigation, trials, and aftermath.

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PHOENIX AND THE BIRDS OF PREY The CIA's Secret Campaign to Destroy the Viet Cong

by Mark Moyar

For more than 30 years, the Phoenix Program, the CIA's top-secret effort to destroy the Viet Cong by neutralizing its "civilian" leaders, has conjured up dark images of secret assassinations, kidnappings, and torture of as many as 70,000 civilians by the South Vietnamese and their U.S. advisers. This study explodes many of the prevailing myths and perceptions of the program to set the record straight.

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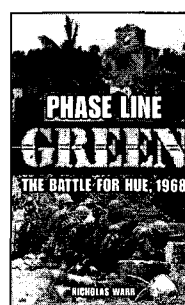
PHASE LINE GREEN

The Battle for Hue, 1968

by Nicholas Warr

The bloody, monthlong battle for the Citadel in Hue during 1968 pitted U.S. Marines against an entrenched, numerically superior North Vietnamese Army force. By official U.S. accounts it was a tactical and moral victory for the Marines and the United States. But a survivor's compulsion to square official accounts with his contrasting experience has produced a different perspective of the battle.

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PAUL STARR

Cyberpower and Freedom

In politics and the public imagination, computers have gone from symbolizing our vulnerability to embodying our possibilities. In their early days during the 1950s and 1960s, computers seemed destined to increase the power of government and big corporations, and the great worry was how to protect privacy and individual freedom. Then the advent of the personal computer and other low-cost electronics suggested that information technology might be the ultimate tool of decentralization and individual empowerment, and the rise of global telecommunications and the Internet promised to annihilate national borders. Now many of us sit at keyboards easily connecting to computers all over the world, and to some people the thought suggests itself: "Why do we need national government at all?" Things have swung around so completely that influential analysts, especially on the right, see the information revolution as a great historical reversal of power, ushering in a new age of individualism on the digital frontier.

This high-tech libertarianism can be found in *Wired* magazine, the writings of George Gilder, the publications of Newt Gingrich's Progress and Freedom Foundation, and countless sites on the Net itself. Optimistic and forward-looking, high-tech libertarianism is more appealing than the older variety that looked back to the devil-take-the-hindmost individualism of the nineteenth century. But the new version shares the same old misunderstanding of the bases of freedom—that liberty will prosper the more government is diminished. To this it adds a new illusion—that technology is now freedom's reliable shield.

Computers have gone from symbolizing our vulnerability to embodying our possibilities. . . and our illusions.

Advanced communications networks offer "the ultimate shopping experience: shopping for better government," writes one exponent of these ideas, the communications lawyer Peter Huber, in an article on "cyberpower" in *Forbes* last December. By "better" government, he chiefly means lower taxes and less stringent regulation. Now it's not just corporations that can shop around and buy, say, a legal home in Delaware; "ordinary investors," Huber observes, can shop on the Net for the tax environment, monetary policy, or regulations of their choice. If you think that your government's economic policies are wrong, you too can put your money into another currency. If the Food and Drug Administration (FDA) bars sale of a drug, you can buy it from an online pharmacy in another country and have it delivered by Federal Express. The American consumer who buys shoes made abroad will soon

"shop for life insurance in London and health insurance in Geneva, and the offshore actuaries will discriminate fiercely in favor of the healthy."

To Huber, this is all to the good. Here is his happy vision: "As managers, workers and consumers," he writes, "we buy government in much the same way we buy shoes" and when one

government is too costly or inconvenient, we can just switch to another. In thinking about the relations of people and governments, he has thus nicely dispensed with the old-fashioned concept of a citizen encumbered with obligations and loyalties, along with the idea of a people collectively addressing their problems through democratic institutions—all this was just a "political carnival" that is thankfully over. Governments in the new global market will be disciplined by money moving offshore, not by voters and public deliberation, and public policies will be improved because politicians will be impotent to do anything except what markets allow them to do.

Huber conceives of this system as a superior version of democracy, as if we all had equal "votes" in the global government market. But, of course, not

all of us "buy government" with equal facility or effect. Managers can move plants abroad, and consumers can buy tradable foreign goods; but except for the limited class of professionals who can sell their services to foreign clients, workers need to uproot themselves to make use of foreign labor markets. As savers and investors, we also have unequal offshore opportunities since the principal asset of most families is their home. In other words, inasmuch as we are limited by our physical existence, social connections, and political loyalties, we cannot simply search and switch among global markets. The issue here is not simply income inequality, but also an imbalance of human interests. Why feel any obligation to people or places, community or nation, if you're just shopping?

Membership in a democratic state has historically implied a "bundle" of relationships. We enjoy the security and other services a state provides us and, if we fulfill our part of the bargain, we obey its rules, pay its taxes, and have our say in elections. Huber is saying technology makes it easier and cheaper to unbundle that package. The difficulty is that many people would like to enjoy the services of effective government but not pay the costs. They might like to live under one government, do business under another, and park their assets under a third. But in a world of unlimited opportunism, the government would lack the effective authority and resources to provide collective benefits that the majority of us want from it—including, as Stephen Holmes explains in this issue ("What Russia Teaches Us Now: How Weak States Threaten Freedom," page 30), the very rights we prize.

There is no denying that the combined force of advanced technology and global markets has undermined the regulatory capacity of government. But it is important to distinguish what technology has changed and what it hasn't. Corporations can now more easily organize production on a global basis, and investors can more readily move financial assets across national borders. Where products and services consist of bits rather than atoms, the Net may make their origins, literally, immaterial. But economic activities that require local knowledge and trust as well as physical presence are not so easily moved. And governments still have effective means of enforcing laws and regulations even when one of the parties

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to a transaction is offshore.

Consider two of the examples mentioned by Huber: pharmaceuticals and health insurance. His offshore alternatives confront a minor difficulty—they're illegal and for good reason. Anyone in the United States ordering drugs banned by the FDA from an offshore pharmacy would be importing them in violation of federal law. No matter where domiciled, any insurer doing business with people residing in a state needs to be licensed to do so and must comply with federal requirements under the recent Kennedy-Kassebaum legislation—technology doesn't change that. If there is any justification for pharmaceutical regulation (some minimum standard of safety) or insurance regulation (some minimum standard of solvency), the laws cannot simply be nullified by the ruse of an offshore location. As a practical matter, few people are likely to use online pharmacies located abroad because of delivery costs; and if the drugs have not received FDA approval, insurers won't reimburse them. Foreign health insurers, lacking contracts with providers, would be in a poor position to compete with domestic insurers in the age of managed care. If a market in the U.S. for offshore pharmacies and insurers existed, they could long ago have done business by snail mail and telephone, but they haven't, and the new technology doesn't affect the sources of hesitation among both sellers and buyers—the illegality of the transactions and lack of detailed knowledge about the other party and relevant market conditions.

Huber assumes that people can evaluate regulatory protections in other countries and that they will knowingly opt for more lax regulations. In some cases, that may be so. But here he underestimates the importance of trust in economic as well as social relationships and the role of government in promoting trust by assuring common ground rules and effective recourse in the event of fraud and negligence. Without a state strong enough to enforce rules and assure confidence, people are reluctant to come into the market and do business with strangers.

And so it is with global electronic commerce. The

economic development of cyberspace is lagging because governments have not yet established laws and regulations that promote trust and confidence. Consumers continue to be "wary" of the Internet, a recent White House paper on the Internet and global commerce points out, "because of the lack of a predictable legal environment governing transactions. . . . This is particularly true for international commercial activity where concerns about enforcement of contracts, liability, intellectual property protection, privacy, security, taxation and other matters have caused businesses and consumers to be cautious."

In other words, what we have today on the Net is not so much individuals shopping for governments as both individuals and firms fearing to do business globally for lack of consistent laws and regulations that their governments need to agree upon. The libertarians see government as always restricting mar-

kets; they miss the positive role government plays in creating the foundations of social trust that markets (and nonmarket institutions) require.

Far from taking trust for granted in the information age, we are going to face especially serious problems sustaining it

because of the growing use of the new technology for deception. I am not only referring to the difficulty of authenticating electronic exchanges—for example, determining whether e-mail is actually from the ostensible sender, whether a Web site originates from the group or person listed as responsible for it; or whether e-cash is genuine. New technology is also undermining the integrity of older forms of communication and exchange by generating improved techniques and lower costs for altering photographs, counterfeiting documents, and stealing identities (reproducing forms of identification, often for credit card fraud). Recently a company was reported to have figured out how to recombine an individual's recorded speech into new sentences that sound exactly as if the original person spoke them—a kind of audio counterfeiting that may soon, in effect, make us say anything. Information technology alone cannot provide us an absolute shield against its evil twin—disinformation technology. Our only protection is

Information technology alone cannot provide us an absolute shield against its evil twin—disinformation technology.

law, and that protection is available to us only if legitimate governments have the power to govern.

Another problem with high-tech libertarianism is the belief that the development of information technology and electronic markets on their own will promote maximum choice. In its current form, the Internet clearly does expand the ability of people with minimal resources to originate communication as well as to receive it. In this sense, the Web is the best rejoinder to A.J. Liebling's old complaint that "freedom of the press belongs to the man who owns one." More generally, the new era of digital communications has the potential to end the old scarcity of bandwidth in the radio spectrum that limited the number of broadcast channels. But there are also powerful forces favoring concentrated power in the new era of communications, and it would be a mistake just to rely on technology and the marketplace to curb abuses of that power.

One source of concentrated power is developing around control of the "interface"—the menu of alternatives that first pops up on the screen. Interfaces like the current browsers for navigating the Web are relatively open (they connect to nearly all sites), but more closed interfaces, like the menu of options on television sets in hotel rooms, suggest how a more closed regime might be reestablished. An interface is a choke point and potentially of enormous economic value. Why should choke points emerge? Because under the current, open regime on the Web, hardly anyone providing "content" is making money; and because of the demand for simplicity of use as the Web (or some alternative) turns into a more universal system of communication and entertainment. Companies are already creating more limited interfaces to sort out options for consumers, deliver audiences to advertisers, and assure originators of content a dependable stream of income. "Webcasting" and "push" media—which simplify the complexity of the Web by automatically downloading preselected information to the user—exemplify this shift. But to simplify is to exclude. Think of such a system not as censorship but rather as control of the means of marginalization.

The information revolution also tends to concentrate power in the firms that control dominant "architectures," such as IBM in the mainframe era and Microsoft and Intel today. Architectural domi-

nance is endemic in industries that have rapidly evolving proprietary technical standards vital to every firm. As Charles H. Ferguson and Charles R. Morris write in their book *Computer Wars*, struggles over architectural control are a powerful stimulus to technological progress. But as Microsoft's victims can testify, the firm in control of the dominant architecture has extraordinary leverage over any potential competitor in its core or related businesses. Without government restraint in the form of antitrust, markets of these kinds easily end in monopoly.

The rapid improvement in price-performance ratios of computers, software, and other technology today seems to validate the faith in free markets. But to say that the information revolution proves the inevitable superiority of markets requires a monumental failure of short-term historical memory. After all, not just the Internet, but the computer sciences and computer industry represent a spectacular success of public investment. As late as the 1970s and early 1980s, according to Kenneth Flamm's 1987 study *Targeting the Computer*, the federal government was paying for 40 percent of all computer-related research and probably 60 to 75 percent of basic research. The motivation was national security, but the result has been the creation of comparative advantage in information technology for the United States that private firms have happily exploited and extended. When the returns were uncertain and difficult to capture, private firms were unwilling to invest, and government played the decisive role. But when the market expanded and the returns were more definite, the government receded, which is exactly the path it should have followed.

The view of government favored by the high-tech libertarians would make it impossible for us ever to repeat the success of the United States with the computers and the Net (or more generally to respond to many other examples of market failure). One of the ironies of the information revolution is that government's hand has apparently become the invisible one. There we sit at our computers, and we feel like Masters of the Universe. We press the keys and command distant computers, and we think everyone else should be able to manage their affairs as we do. But, of all spaces, cyberspace is most singularly the product of political invention and social agreement, and only law will give us the security to use it freely.□

DUBIOUS HERITAGE

In their never-ending quest to rewrite the Constitution, House Republicans now want a constitutional amendment that would require a two-thirds vote of Congress to raise taxes. Providing the intellectual cover for this proposal is—surprise!—a Heritage Foundation study that purports to show that states with similar supermajority requirements raise taxes less and enjoy more economic growth.

The premise rests on two factual claims—that states with lower taxes enjoy higher growth and that supermajority provisions yield lower taxes. The first question echoes a long-standing debate among economists; the second would seem to be self-evident.

But as Iris J. Lav and Nicholas Johnson of the Center on Budget and Policy Priorities point out in

a recent report, the Heritage study is methodologically flawed. First, the Heritage report compares two years—1980 and 1992—that represent dramatically different points in the business cycle. In 1980, the economy had just peaked and was beginning a downturn that would lead to recession; in 1992, the economy was on an upswing, rebounding from the recession of 1990-91. Because both state tax policy and state economic growth are extremely sensitive to business cycle fluctuations, the Heritage study findings are statistically irrelevant. For an accurate measure of state changes, the Heritage study should have compared two years at similar points in the business cycle.

Second, Heritage's measure for gauging state economic growth is an odd one. Instead of relying on personal income, which measures the total income of state residents including income from out-of-state sources, Heritage relies on gross state product (GSP), which only measures the total output of industries within a state. Evidently, the study's authors felt that the economic well-being of an average resident, which is what per capita personal income represents, is not a good enough measure of a state's economic condition.



Third, in its consideration of taxes, the Heritage study looks only at taxes levied at the state level and does not bother to take into consideration local taxes, which are frequently raised when state taxes are cut. It also ignores "fees," which lately have often been substituted for taxes.

A fair study would have used proper criteria: a time frame beginning and ending at similar points during the business cycle; per capita personal income as a measure for state economic growth; and state and local revenues as a measure for state taxes. Surprisingly, when Lav and Johnson did the calculation again, they discovered that five of the seven states Heritage studied actually raised taxes more frequently than average and that five of the states (not the same five) had lower growth rates than average.

This doesn't exactly prove that taxes are good for growth, or that supermajorities make it easier to raise taxes. But it does suggest that the connections between taxes, growth, and legislative mechanisms are broadly

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indeterminate. If this is the best the right can do manipulating statistics, Heritage needs to go back to cooking school.

IF KING LEAR WERE A REPUBLICAN

While Republicans are natural allies of the laissez-faire business interests who dominate the campaign finance system, Democrats must often contort themselves into ideological pretzels to attract big-money donations. But a recent Texas lawsuit suggests that Republicans, in their pursuit of campaign cash, might have made some compromises of their own on one of their bread-and-butter issues: family values.

Harold C. Simmons, a Texas billionaire best known for his corporate takeover bids in the 1980s, is being sued by two of his daughters, who allege in court filings that the trusts he set up for their benefit are being used as "his own personal checking account." Among the checks he is alleged to have cut from these accounts: hundreds of thousands of dollars in contributions to Republican candidates and committees.

The daughters' suit alleges that Simmons used the trusts to evade federal election laws, making donations in their names—in addition to donations made in his own name—so that he could exceed campaign contribution limits. According to Federal Election Commission records,

Simmons and his family have given more than \$315,000 to Republicans since 1993.

The Simmons daughters claim that their father threatened to cut off their inheritance unless they signed blank political contribution letters, which he then used to back Republican candidates and causes that, in many instances, the daughters themselves opposed.

For some Republicans, it seems family values matter less than a family's value.

(FANNY)-PACKIN' HEAT

The National Rifle Association (NRA) has made a contribution to the glut of self-help books: *Safe, Not Sorry: Keeping Yourself and Your Family Safe in a Violent Age*, by the executive director of the NRA's Institute for Legislative Action, Tanya K. Metaksa.

Billed as "a self-protection manual" for women, *Safe, Not Sorry* represents the NRA's latest effort to broaden its largely male membership base. Metaksa paints an apocalyptic portrait of the America of the nineties—a society rife with "human predators" who make innocent women their prey—in which women must "find the fine line between paranoia and preparedness, then cling to it."


While much of the advice offered in *Safe, Not Sorry* is

plain common sense, Metaksa loses sight of that line between paranoia and preparedness when she talks about handguns.

Quoting Napoleon, who once remarked that "God is on the side with the heaviest artillery," Metaksa urges women to bring out some heavy artillery of their own. "The availability of a firearm," she writes, "gives the individual, even if the potential victim is a female, a fighting chance."

Of course, self-defense may require some lifestyle changes. Let's say you've just gotten your carry license and you want to go jogging. How will you carry your gun? No problem, according to Metaksa. Just buy a specially designed "fanny-pack that is actually a holster. Instead of wearing it in back, wear it on the left side of your stomach if you are right-handed." And if you don't have a concealed-handgun permit? Metaksa doesn't say, but you could probably just carry the gun in your hand, as if it were a hand weight. That way, not only would you be armed and dangerous, but you'd be working your upper body as well.

—Jason Zengerle



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Family Feud

MAGGIE GALLAGHER AND
DAVID BLANKENHORN

In "Family Values: The Sequel," Arlene Skolnick raises two important questions. First, is the trend toward family fragmentation—understood as a steady decline in the proportion of children growing up with their two parents—a harmful one? And second, should progressives and other people of goodwill seek to reverse this trend?

Skolnick's answer to the first question hovers somewhere between "maybe" and "probably not." Much of her essay is a defense of the idea that, from a child's perspective, divorce and unwed child bearing are not so bad after all—or at least not as bad as some people (like

the two of us) say, and certainly not as bad as some other bad things, such as unemployment, low income, or parents who squabble or are unhappy.

A reply to "Family Values, The Sequel,"
May-June 1997.

Her answer to the second question is a flat "no": "We [liberals] should have no part of efforts to hold children hostage to a narrow definition of family that looks only at form and not at love, care, and responsibility." We disagree with both of these answers. Let us briefly explain why.

On the question of whether today's disintegrating-family trend is harmful to children, Skolnick's determined optimism is increasingly rare today, both in the society at large and among the social scientists who study these issues. Indeed, her sanguine view evokes the 1970s, when the family structure revolution was still new and, in the area of sexuality and procreation, everything seemed possible. (Remember books from that era with titles like *Creative Divorce*?) Perhaps this time-warp factor explains why one of Skolnick's few concrete recommendations is that, when devising family policy for the next

century, "a good place to start would be the old memos and reports issued in the 1970s."

Perhaps. But as Skolnick herself points out, nostalgia is no substitute for analysis. A quarter century has passed since the early 1970s. During that interval, scholars have accumulated a great deal of knowledge about the dimensions and consequences of the family structure revolution. And despite whatever nostalgia we may feel for a bygone era, surely we must recognize that, analytically speaking, we can't go back to a more innocent time.

Indeed, to examine the current academic literature in this area is to encounter again and again the story of fair-minded scholars who, on the weight of accumulating evidence, have substantially altered their previous judgments about the benign consequences for children of divorce and unwed child bearing. This list includes Norval Glenn, David Eggebeen, Lynn White, Peter Uhlenberg, Ronald Angel, Sar Levitan, and numerous others—most of whom, by the way, are Democrats.

For example, Norval Glenn, a former editor of the *Journal of Family Issues* now at the University of Texas, reports that "in the 1970s, the prevalent scholarly view was that such changes as the increase in divorce, out-of-wedlock births, single-parent families, and stepfamilies were benign and adaptive, if not distinctly beneficial." Yet, "by the 1990s, this view began to change, as evidence accumulated about the negative effects of marital disruption on children and about other social costs of the family changes. Not all family social scientists participated in this shift, but it is significant that the most prominent scholars and those most directly involved in the relevant research were most likely to do so."

Sara McLanahan and Gary Sandefur tell a similar story in their 1994 book, *Growing Up with a Single Parent*: "The idea that single mothers were to blame for producing a class of criminals, drug addicts, jobless men, and

long-term welfare recipients seemed wrongheaded, given what we had learned as graduate students in the 1970s. Hadn't social scientists demonstrated that the negative effects attributed to single motherhood were really due to poverty and racial discrimination? So we thought when we began our study."

But by the 1990s, after years of careful research, they had changed their view: "in our opinion [today] the evidence is quite clear: Children who grow up in a household with only one biological parent are worse off, on average, than children who grow up in a household with both of their biological parents, regardless of the parents' race or educational background, regardless of whether the parents are married when the child is born, and regardless of whether the resident parent remarries."

Other recent large-scale studies have come to remarkably similar conclusions. Children raised outside of intact marriages are more likely to be poor, to have trouble in school, to report psychological problems, to commit violence against themselves and others, to use drugs, and to experience sexual and physical abuse. As adults, children of divorce report lower levels of satisfaction, more depression, and more physical health problems; they also, on average, obtain less education and hold less-prestigious jobs. They are also more likely to get divorced themselves and to bear children outside of marriage.

Even studies that "control" for income—a technique that tends to minimize the effects of divorce, since lower income is in itself one of the most reliable consequences of family breakdown—repeatedly find that, as Paul Amato and Bruce Keith conclude in their meta-analysis of 35 studies on divorce, "... parental divorce (or permanent separation) has broad negative consequences for quality of life in adulthood."

Consider also, as a matter of special importance for progressives, the well-established relationship between growing family fragmentation on the one hand and growing income inequality and child poverty on the other. Overall, children of single mothers are five times more likely to be poor than children living with married couples. They are also nine times more likely than children in married families to experience "deep poverty," with incomes of less than half the official poverty level. Moreover, poverty for these children is far more likely to endure. To take the two extremes, a child

whose mother never marries is 30 times more likely to be poor for most of childhood than the child of a lasting, intact marriage. And according to McLanahan and Sandefur, a child who is not poor to begin with experiences, on average, a 50 percent drop in his or her standard of living after divorce.

Child poverty, like crime or school failure, has many causes. But surely the declining number of children raised by both parents is one of the most important. Other countries may have done a better job at narrowing the economic gap that separates children in disrupted families from those in intact families. But no family policy anywhere has succeeded in eliminating the gap. Under these circumstances, how can we fail to be concerned about family disintegration?

Skolnick answers with a familiar refrain: It's not divorce that injures children, it's the family conflict that predates the divorce. Like many others who make this claim, Skolnick relies heavily on a single controversial article, published in the journal *Science* in 1991. The article summarizes findings from two studies of children of divorce, one from Great Britain, the other from the United States. In her essay, Skolnick seriously misreports the results of these studies: "[C]hildren whose parents had divorced in the interim did have more problems, but they had shown those problems at age 7, before the parents had divorced." Wrong. Though margin of error considerations make these numerical estimates less than completely reliable, the British study actually concludes that pre-divorce family problems account for about *half* of the increased problems with behavior and school achievement experienced by boys from divorced families. The other half of the problems didn't arise until after the divorce. For girls from divorced homes, three-quarters of the drop in school achievement, and all the increase in behavioral problems, took place *after* the divorce.

The U.S. survey, based on a far smaller sample, also found that about half the increased behavioral problems of boys could be attributed directly to the divorce. But the U.S. study also reports that the behavior of U.S. girls actually *improved* after divorce, an oddly anomalous finding that was never adequately explained by the researchers (though the study's lead author Andrew Cherlin theorized plausibly that daughters of divorce tend to internalize

their divorce-related problems, becoming anxious or depressed rather than misbehaving or “acting out” in ways that the study was able to measure).

Granted, high levels of family conflict are harmful to children. But Skolnick declines even to address one of the most basic questions: Has the increase in divorce over the last generation taken place primarily among such acutely troubled families? Or alternatively, are we increasingly ending marriages that, at least from the standpoint of child well-being, could and should be saved?

There is no definitive answer to this question. But many researchers have reached conclusions similar to those presented by Andrew Cherlin and Frank Furstenberg in their book, *Divided Families*: “. . . we doubt that such clearly pathological descriptions apply to most families that disrupt. Rather, we think there are many more cases in which there is little open conflict but one or both partners finds the marriage personally unsatisfying. . . . Under these circumstances, divorce may well make one or both spouses happier; but we strongly doubt that [divorce] improves the psychological well-being of the children.”

Offering divorce as the “solution” to parental conflict is far more problematic than Skolnick realizes. Indeed, her implicit suggestion that divorce somehow ends parental conflict is one of those easy assumptions—again, this idea was very common in the 1970s—that the experience of the past three decades is forcing us to relinquish. Numerous studies of middle-class divorces, from scholars such as Eleanor Maccoby, Robert Mnookin, and Frank Furstenberg, find that “good divorces” are rare indeed. Even Constance Ahrons’s decidedly optimistic book, *The Good Divorce*, finds that just 12 percent of divorced couples enjoy low-conflict divorces, and almost all of these couples had enjoyed close, friendly relations prior to divorce. By contrast, about 50 percent of divorced parents engage in bitter, open conflict. Good divorces, her research suggests, do not typically heal angry, conflict-filled marriages as much as they terminate relatively friendly ones.

Today’s divorce rate, far from reducing the family conflict that children experience, probably

increases it. For example, Skolnick ignores analyses by Richard Gill and others suggesting that, in a high-divorce society, not only do more troubled marriages end in divorce, but more marriages become troubled and unhappy. A divorce-oriented society thus generates precisely that “parental conflict” that Skolnick embraces as a reason not to worry about divorce. In addition, the divorce experience itself frequently opens up

vast new territory for parental conflict, on issues ranging from late child support checks to who owns the toys. Not surprisingly, parents who cannot contain their conflicts when they are married do not usually uncover large new reserves of patience, understanding, and empathy for their former partners after divorce.

Finally, if preexisting conflict, rather than divorce itself, explains most of the problems that these children face, then children of never-married mothers ought to do better than children of divorce on psychological, behavioral, and academic measures. But they do not: Children in both kinds of single-parent homes appear to face a roughly similar set of disadvantages.

Overall, experience should teach us to be cautious about pinning all our hopes for children’s well-being on the idea that we can make parents more cooperative after the divorce than they were before. Accordingly, doesn’t it make sense to devote at least part of our attention to the cultural messages, corporate practices, government policies, and economic conditions that may be destabilizing marriage and thus exposing more of our children to the risks of family fragmentation?

Skolnick would like to attribute almost all of the explosive rise in single-parent homes to changing economic conditions. “The largest source of family change and family stress,” she maintains, “is the shift to a postindustrial, globalized economy. . . .” To illustrate this idea, she points out that “living together unmarried—which in a legal sense counts as single parenthood—has been the low-cost way to start a family.” Is that so? One might begin by asking: Low-cost for whom? For the man, who typically ends up keeping more of his money and time

We reject the claim that current rates of family disintegration are an untouchable fact.

for himself? Or for his child and the mother of his child, who typically get less of both?

More generally, the best efforts of scholars to measure the impact of economic factors like male wages and unemployment have come to the same conclusion: Economic factors do explain part, but only a small part, of the recent decline in marriage. For example, several scholars have concluded that trends in unemployment and wage rates can explain no more than 20 percent of young black men's retreat from marriage. A recent study of the economic determinants of divorce by the economists Saul Hoffman and Greg Duncan concludes that "male incomes, [female] wages, and AFDC benefits did not play a large role in the change in the divorce rate over the past few decades and that the trend reflects primarily either changes in behavior or changes in noneconomic factors."

To answer the second key question raised by her essay—can or should anything be done to reverse the trend of family fragmentation?—Skolnick suddenly shifts her mood. She even shifts her epistemology. If contemplating the consequences of the current family trend puts Skolnick in an unusually optimistic state of mind, contemplating the possible intensification of that trend in the future causes her to become a complete fatalist. For Skolnick, nothing—absolutely nothing—can or should be done to slow down or reverse the trend of family fragmentation, or what she terms family "diversity." The fix is in. It's here to stay. Anyone who says otherwise is actually hurting children.

Much of Skolnick's argument here depends upon our acceptance of an overly simplistic dichotomy between demographics and culture, between the "families we live with" and the "families we live by." For Skolnick, the former consist of real, flesh-and-blood human beings. The latter, on the other hand, consist only of ideas in our heads, fragments of ideology that, unless we are careful, will divert us from the material reality. From this perspective, caring about "the families we live with" means caring about "demographic changes," "economic shifts," and issues like jobs, housing, health care, and condom distribution. But caring about "the families we live by" can only mean yielding to "moral panic" and politically harmful "hysteria."

This way of describing family life—this way of

describing any aspect of life—is intellectually unserious. A first principle of social analysis requires understanding the inevitable tension, in all human affairs, between the social "is" and the moral "ought"—between the material and the ideal, between how we act and what we believe. But Skolnick wants to wave this tension away, pretending that it does not exist. In her survey of contemporary family change, the "is" emerges as triumphant and utterly sovereign. The "ought" becomes at best an epiphenomenon, at worst a dangerous distraction from the core task of accommodating the "is."

This recommendation that, in Dietrich Bonhoeffer's phrase, we become "servile before fact" is especially unsuited to progressives, since it represents such a sharp break with the American tradition of social reform. Sixty years ago, for example, the union organizers who founded the Congress of Industrial Organizations declined to be servile before the fact of workplace exploitation, even though the smart money and the smart analysts strongly favored current management. Thirty years ago, civil rights leaders in the South declined to be servile before the fact of segregation, even though the laws, the police, and local elite opinion overwhelmingly favored segregation—which was, in those days, one of the "the customs we lived with." Similarly, there is absolutely no reason why progressives today should embrace Skolnick's advice that we become servile before the fact of family fragmentation—unless, of course, we believe that family fragmentation is a good thing.

We reject the pessimistic, even reactionary, claim that current rates of family disintegration constitute an untouchable fact before which reformers must scrape, bow, and make excuses. We reject as well the charge that concern for the health of marriage as an institution somehow signals a lack of compassion for children growing up in single-parent homes. We concede that, in the relatively short time since today's scholars and reformers have begun to focus seriously on this problem, no one has come up with a perfect or definitive solution for reversing family fragmentation and fostering hands-on fatherhood, while at the same time defending and strengthening the ideal of equal regard between men and women. But anyone who cares about the prospects for our children must surely confront these challenges in the years ahead.

ARLENE SKOLNICK
RESPONDS

Maggie Gallagher and David Blankenhorn respond as if we were on *Crossfire*, and try to force the argument into a falsely polarized either/or mold. If they are “against” “family fragmentation,” I must be “for” it. The result is a caricature of what I wrote and a distortion of the social science literature. They pounce on any evidence that divorce or family structure affects children’s well-being, then discard or downplay evidence of other factors that may be even more important.

Most researchers take a shades-of-gray position on family structure. The evidence does show that children in divorced, remarried, or unmarried families are at greater risk for a number of problems, but there is little support for the frightening picture of such families painted by these authors and their colleagues. The vast majority of children in single-parent families turn out reasonably well. Alan Acock and David Demo, who examined a nationally representative sample of children and adolescents in four family structures, reported “few statistically significant differences across family types on measures of socioemotional adjustment and well-being.”

It is true that other researchers have found higher rates of divorce-related problems. Mavis Harrington observes, for example, that about twice as many children from divorced families have behavioral problems as those from continuously intact families—20 percent to 25 percent, she estimates, as opposed to 10 percent. “You can say ‘Wow, that’s terrible,’” she comments, “but it means that 75 to 80 percent of kids from divorced families aren’t having problems, that the vast majority are doing well.” Sara McLanahan, who also protests the use of her data to scapegoat single parents, makes a similar point. Of course the doubling of risk is worrisome, but it’s important to keep in mind that many of the problems experienced by children from divorced or never-married families are caused by poverty, lack of education, psychological problems in the parents, poor parenting skills, and other preexisting factors.

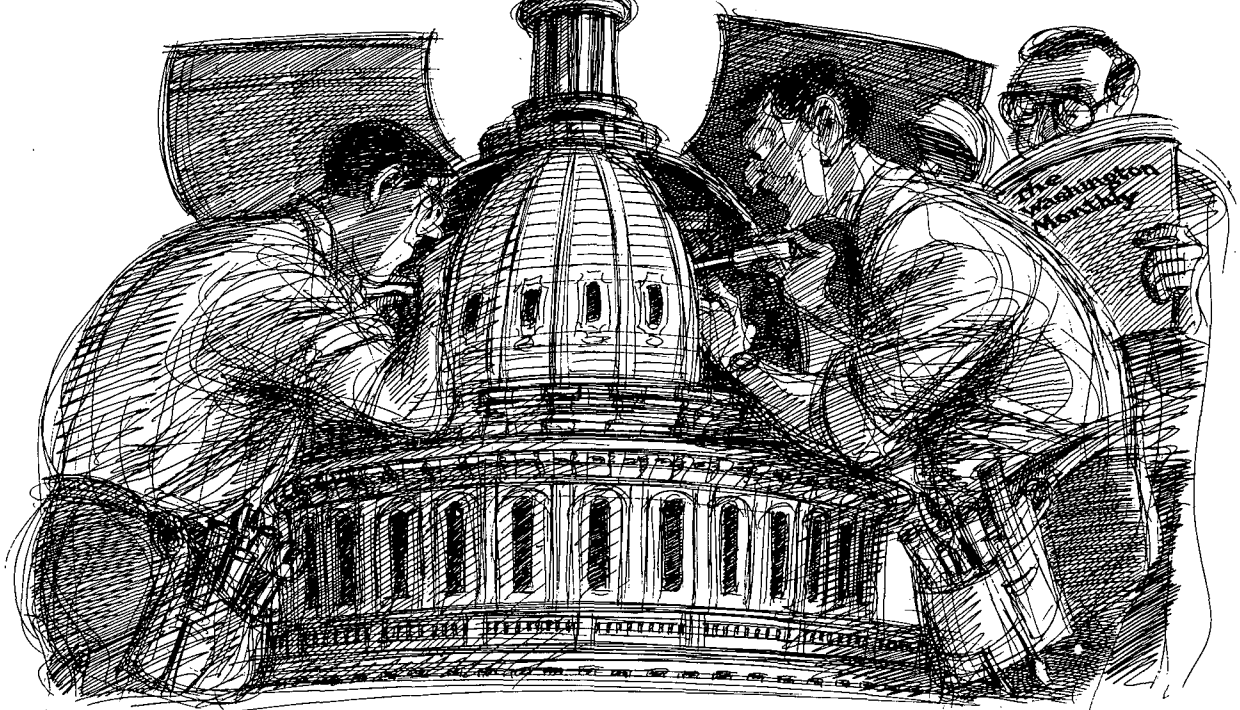
Despite their insistent claims of concern for children, Gallagher and Blankenhorn dismiss factors having a greater and more direct impact on children’s well-being than family structure. For example, study after study shows that the key determinant in a child’s adjustment is the quality of the relationship with the primary parent; Janet Johnston of Stanford has found that even in hostile, high-conflict divorces, a good parent-child relationship can buffer a child from the effects of a difficult environment.

Still, family conflict strongly affects children’s development. Gallagher and Blankenhorn reveal the surprising limits of their familiarity with the research literature when they write, “Like many others who make this claim, Skolnick relies heavily on a single controversial article, published in the journal *Science* in 1991.” It’s hard to understand how anyone who prescribes national policy on the basis of the social science evidence can ignore—or, worse, fail to know about—an entire body of research, dating back to the 1950s, showing that marital conflict is more strongly linked to adjustment difficulties among children than to the marital status of their parents. Nobody should divorce casually, but the question is, Divorce compared to what? An angry or conflict-ridden marriage can be more harmful to children than a loving single parent.

Recent research shows that a widespread but far quieter problem—parental depression—is also a significant risk factor for child development. And depression, particularly in women, can result from marital unhappiness. As Richard Weissbourd observes, “Whether parents are chronically stressed or depressed often more powerfully influences a child’s fate than whether there are two parents in a home or whether a family is poor.”

In short, whether a family consists of two parents is less important for a child than how well the family (in whatever form) functions. Of course, it would be better for children if more marriages were successful. But rather than adopt policies to make divorce more difficult (which may actually discourage marriage in the first place), we ought to address the problems afflicting children in all our families.□

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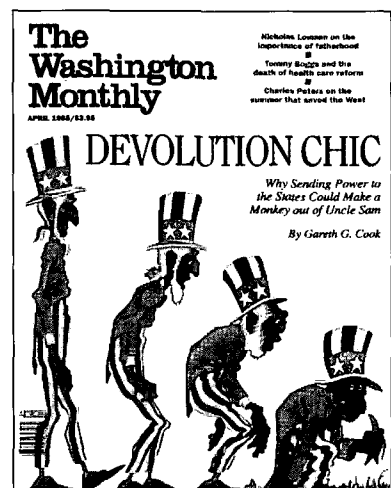
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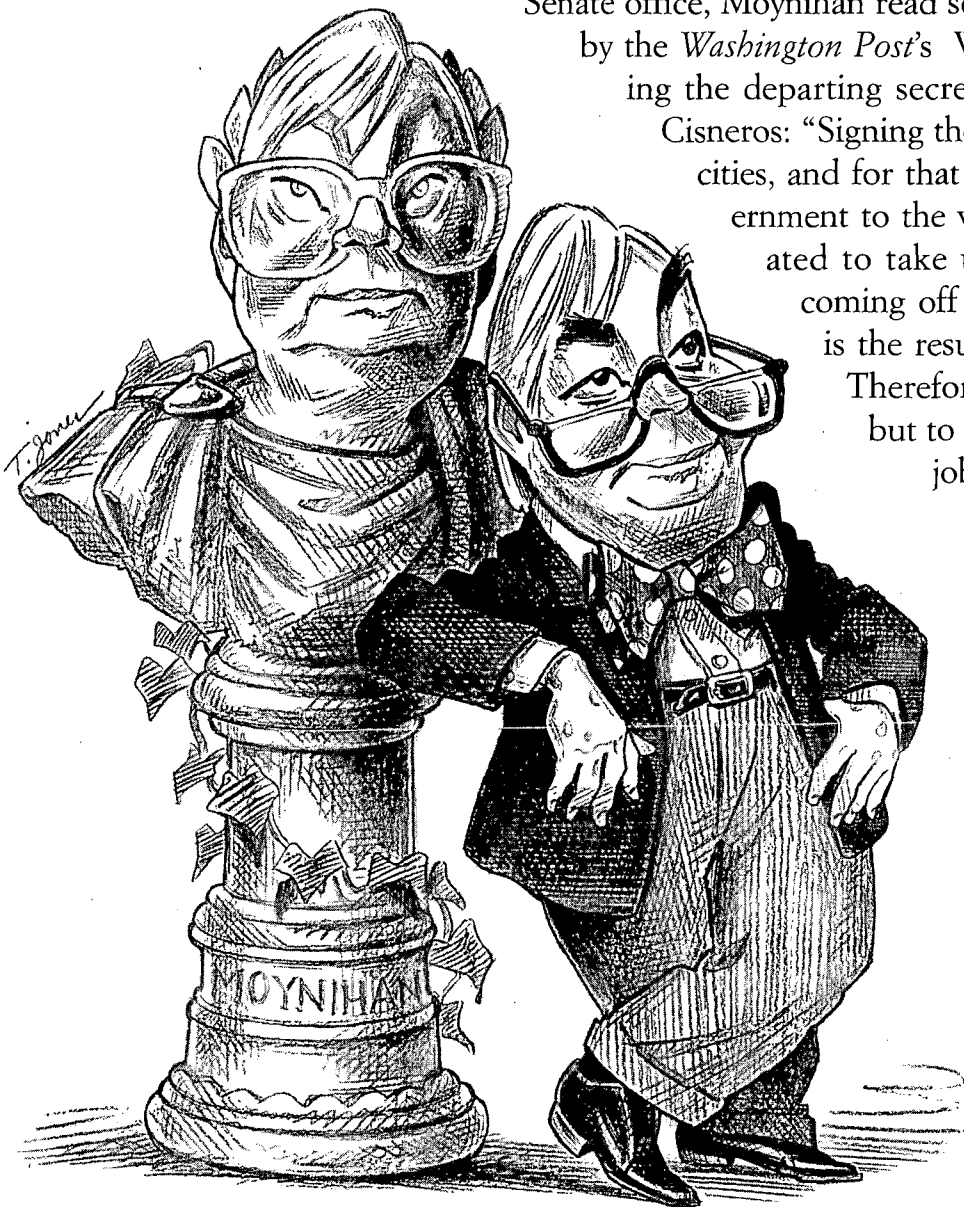


THE MOYNIHAN ENIGMA

BY JACOB HEILBRUNN

Daniel Patrick Moynihan was in an apocalyptic mood. As a late winter rainstorm lashed the windows of his darkened Senate office, Moynihan read scornfully from a column by the *Washington Post's* William Raspberry quoting the departing secretary of housing, Henry Cisneros: "Signing the welfare bill pushes the cities, and for that matter, the federal government to the wall. If jobs are not created to take up the people who are coming off of welfare, social chaos is the result. That's unacceptable. Therefore, there's no alternative but to address the problems of jobs in the cities."

"No alternative?" Moynihan sputtered. "There's chaos already. Things could get vastly worse." The senior senator from New York, now in his fourth term, has never been diffident about expressing his ever-shifting views. A few decades ago, he might have been heard inveighing with equal fervor against the same



social programs that he now defends. In foreign policy, Moynihan went from hawkish nemesis of the New Left to critic of Reaganite anti-Soviet excess. Framed magazine covers from the *Nation* in 1979 and the *New Republic* in 1981 hang in his office. The first is titled "Moynihan: the Conscience of a Neoconservative"; the second, "Pat Moynihan, Neo-liberal."

But Moynihan insists he has been utterly consistent throughout his career, tacking left or right, as necessary, against the prevailing winds. And he has a point. While his political stands may have fluctuated, Moynihan's temperament has not. In his various posts, Moynihan has been consistent in his inconsistency. He is, first and foremost, a critic—an oppositionist who revels in puncturing received truths. In his Senate career, Moynihan has often defined himself in opposition to the incumbent president, from Carter to Reagan, from Bush to Clinton.

As a product of World War II, Moynihan is one of the first American versions of what the British historian A.J.P. Taylor called the new phenomenon of the mass-intellectual. The mass-intellectual tries to combine the roles of scholar and politician, but has trouble actually exercising power. By the time Moynihan entered the Senate in 1977, he had written ten books, including such influential works as *Maximum Feasible Misunderstanding* (on LBJ's War on Poverty) and *Beyond the Melting Pot*, co-authored with Nathan Glazer. He appeared regularly in such journals as *Commentary*, the *New Yorker*, *Harper's*, and the *Atlantic*. But like his hero Woodrow Wilson, who went from Princeton intellectual to politician, Moynihan seems doomed to disappoint his most ardent admirers.

Though future historians will doubtless place Moynihan among the notable members of the twentieth-century Senate, his career has been less marked by legislation than brilliant signal flares shot up to rouse the citizenry. Moynihan has been at the leading edge of important shifts in political and policy thinking, from the second thoughts about the War on Poverty to the resurgence of muscular foreign policy liberalism after Vietnam. As a centrist

Why the
Senate's
intellectual
giant is
a feckless
lawmaker.

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Democrat and critic of Great Society welfarism long before the Democratic Leadership Council patented the idea, Moynihan was seemingly positioned to play a crucial bridging role between a New Democrat White House and a more conservative Congress, especially when he succeeded Lloyd Bentsen as Finance Committee chairman in 1993. Yet his impatience with compromise, his love of the soapbox, and his disdain for lesser intellects has caused him to come up short as a senator again and again, even on his own cherished issues. Edward Kennedy, from the left edge of the Senate, can boast far more legislative accomplishments.



Born on March 16, 1927, in Tulsa, Oklahoma, Moynihan experienced poverty firsthand. Shortly after Daniel Patrick's birth, his father, John, moved the family to Ridgefield, New Jersey, where he squandered his wages on booze and gambling. By 1937, the family was in Manhattan's rugged Hell's Kitchen section, where Moynihan attended high school between shining shoes and delivering newspapers.

After working as a stevedore on the New York docks, Moynihan entered City College of New York in 1943, then switched to the Fletcher School of Law and Diplomacy as part of his naval officer's training program. Moynihan, who imbibed the school's Wilsonian gospel, represented the school at the Student League for World Government. In 1950, after earning a B.A. and M.A. from Fletcher, Moynihan landed a Fulbright scholarship to study at the London School of Economics. There Moynihan reinvented himself. He exchanged the image of an Irish tough for an English gentleman, adopting a monocle and wearing custom-made shoes and bowler hats.

Upon returning to the United States in 1953, Moynihan plunged into politics. Following a stint on Robert Wagner's successful campaign for mayor of New York, Moynihan worked for the anticommunist International Rescue Committee before serving as an assistant to New York Governor W. Averell Harriman for four years. In 1958, after Harriman was defeated for re-election, Moynihan secured a

teaching post at Syracuse University.

Academia became the launching pad for his own political career. Moynihan began writing articles criticizing the Eisenhower administration for the Cold War liberal magazine, the *Reporter*. His editor was Irving Kristol.

Moynihan joined the Kennedy administration in the newly created post of assistant secretary of labor for policy and research. He increasingly defined himself as a Kennedy-esque blend of tough anticommunist and domestic liberal. He helped create the Manpower Development and Training Act, and he was a member of the working group that conceived the War on Poverty.

Moynihan came to national attention with his famous 1965 report entitled "The Negro Family: The Case for National Action." In it, he wrote that blacks could only achieve equality with the "establishment of a stable Negro family structure." Citing statistics about rising welfare dependency, illegitimate births, and divorce, Moynihan pointed to a "tangle of pathology." He characterized black family structure as "highly unstable" and "approaching complete breakdown." He concluded the report with this final flourish: "The policy of the United States is to bring the Negro American to full and equal sharing in the responsibilities and rewards of citizenship. To this end, the programs of the Federal government bearing on this objective shall be designed to have the effect, directly or indirectly, of enhancing the stability and resources of the Negro American family."

Civil rights leaders denounced Moynihan for blaming the victim. Harvard psychologist William Ryan, writing in the *Nation*, accused Moynihan of espousing a "new ideology" that depicted blacks as "savages."

Worse was to come. In March 1970, the *New York Times* released a memo in which Moynihan, now working for the Nixon administration, called for a policy of "benign neglect" on race. In fact, he had urged the

administration to focus on jobs programs rather than race. In this respect, he was an early proponent of what would be touted by people to his left as a "class, not race" strategy on poverty. But the attention his memo drew was anything but benign. In a sense, Moynihan was a victim of an early version of political correctness.

Moynihan's political stands have fluctuated but his temperament has not.

Since then, Moynihan has been substantially vindicated both by the intractable pathologies of the ghetto and by the political limits of racial remedy. But at the time, the denunciations of him had a chilling effect on white liberals. Douglas Massey, in an essay in the November 1995 *American Journal of Sociology*, writes that the obloquy heaped on Moynihan intimidated sociologists from studying important issues related to race and intelligence. Those who did, says Massey, "generally encountered resistance and ostracism." The field was substantially ceded to the likes of Charles Murray, who had respect neither for offended sensibilities nor for data.

A RIGHT TURN

To Moynihan, these episodes of racial correctness were personally wounding and politically alienating. He began to turn against liberalism, at least the liberalism mediated by the New Left in the Democratic Party. Writing in *Commentary* in February 1967, Moynihan declared that "the reaction of the liberal Left to the issue of the Negro family was decisive. . . . The liberal Left can be as rigid and destructive as any force in American life." Moynihan was becoming a neo-conservative.

It was not long afterward that he went to work for Nixon. But soon after the benign neglect affair, Nixon shunted him aside as a domestic adviser, and dispatched him as ambassador to India, the same post to which Kennedy had exiled John Kenneth Galbraith.

There, Moynihan gained a supple understanding of foreign cultures and nationalist aspirations. Traveling around India and Southeast Asia brought home to him, he says, the fact that "all empires are bound to crash," including, by extension, the Soviet empire. Moynihan became a scathing critic of Third World kleptocracies and their soft-headed American apologists.

For Moynihan, neoconservative foreign policy amounted to old-fashioned liberal internationalism—Wilsonianism for new circumstances. In the wake of Vietnam, there was an audience for the themes of American confidence and self-assertion that Moynihan was sounding. After Moynihan published an article entitled "The United States in Opposition" in the March 1975 *Commentary*, in

which he argued that the Third World was exploiting its victimhood status to blackmail the West, President Ford appointed Moynihan ambassador to the United Nations. He had now consecutively served two Democratic presidents, and then two Republican ones.

His new international pulpit allowed Moynihan to play to the home front as an arch-Cold Warrior denouncing the excesses of Third World despots and the naiveté of détente with the Soviets, which he characterized as "a form of undisguised retreat." He decried the infamous United Nations resolution calling Zionism a form of racism. "This is a lie," he said. "Whatever else Zionism may be, it is not and cannot be 'a form of racism.'" For the second time in his career, Moynihan made the cover of *Time*.

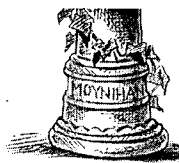
Elated neoconservatives such as Norman Podhoretz saw Moynihan as their champion. Running for the Senate in 1976, Moynihan depicted his Democratic primary opponent Bella Abzug as incapable of standing up for American values: "I want to speak up against the charge that we have exploited other countries or that our own prosperity rests on plunder," he declared during the campaign. "I want to go on declaring that we are prosperous because we have been an energetic and productive people. I want to go on saying that we will not be bullied and that we will not be blackmailed." In the general election, Moynihan handily beat Republican James Buckley, and he brought a number of young

His career has been marked less by legislation than by brilliant signal flares shot up to arouse the citizenry.

neoconservatives such as Elliott Abrams and Charles Horner onto his Senate staff with him.

During the Carter administration, Moynihan seemed to fulfill many of the hopes that the neo-conservatives had reposed in him. He denounced the Carterites for naiveté about the Third World and communism. He considered the SALT II arms-control treaty negotiated by Paul Warnke and Cyrus Vance a new form of appeasement. He called President Carter's foreign policy "autotherapeutic fantasy." Moynihan argued that Carter's demise was set in motion by UN ambassador Donald F. McHenry's vote on behalf of a particularly vicious anti-Israel resolution in the security council. Moynihan wrote that Carter's failure to stand up to the Arab states meant that Ted

Kennedy was assured a victory in the 1980 New York primary. After Carter was defeated by Reagan, Moynihan observed, "a party of the working class cannot be dominated by former editors of the *Harvard Crimson*."



Once Ronald Reagan took office, however, Moynihan reversed himself. The Democratic neoconservatives, who had counted on Moynihan to be the next Henry M. Jackson and run for the presidency, were thunderstruck. The ideology of Marxism was dying of its own weight, he felt, and the neoconservatives were oblivious to the implications of the demise of the communist idea. "By 1979, I was persuaded that the Soviet Union was going to collapse. When an idea dies in Madrid, it takes two generations for word to reach Managua," he wrote in a letter to me last November.

No longer did Moynihan declare the East-West conflict the "central political struggle of our time." Instead, he co-sponsored three nuclear freeze proposals, opposed deployment of the MX missile, denounced the CIA for mining Nicaraguan harbors, decried the invasion of Grenada, and upheld adherence to international law as the highest end of American diplomacy. In the 1970s, Moynihan's Wilsonian impulses had prompted him to call for the use of American power to spread democracy around the globe; in the 1980s, in the face of what he saw as Reaganite flouting of international law, Moynihan turned to a more legalistic Wilsonianism.

He also, again, became a defender of social programs, decrying the administration's cuts in the social safety net that were being led by his former Harvard protégé David Stockman. Moynihan was an early critic of supply-side economics. By December 1989, in his fervor to expose Republican economic policy, Moynihan even proposed a bill that would have cut Social Security payroll taxes and put the system on a pay-as-you-go basis. Moynihan's point was that trust fund surpluses were being misused to camouflage the apparent size of the federal deficit. Without this financial legerdemain, the

deficit would be higher by tens of billions of dollars and politicians would have to deal with it. Moynihan's proposal caused a brief sensation, then died of inaction. His liberal allies, who accepted the analysis, could not accept the practical squeeze on the budget. Characteristically, Moynihan's gambit was brilliant as a heuristic, sterile as legislation.

THE CONTRARIAN

With Clinton's election to the presidency, Moynihan once again played the contrarian, consistent less in his ideology than in his opposition to the incumbent president. Moynihan saw Clinton as a hubristic product of the 1960s who was intent on recapitulating its fatal flaw of overreaching. Clinton and Moynihan got off to a rocky start on the issue of health care after an unnamed aide to the President told *Newsweek* that they would "roll right over" Moynihan. A former aide to Moynihan says Moynihan was enraged: "There are times

when everybody around him thinks he's behaving like a child," he said. "His whole relationship with Clinton is driven by petulance."

Moynihan's chief of staff, Lawrence O'Donnell, never forgot the slight. According to Haynes Johnson and David Broder's book, *The System*, O'Donnell saw Clinton's aides as naive and impractical. "They don't get politics," O'Donnell said. "They have a War Room for

everything. They don't understand it's not a fucking War Room. . . . We are here forever, and we don't fucking surrender."

Tactically, Moynihan faulted Clinton for tackling health reform rather than welfare first. Health care was simply terra incognita for Moynihan. A former aide says that "I think that Moynihan never understood the health care bill, never tried terribly hard. It was a subject he was totally overwhelmed by. There he was, chairman of Finance, facing an incredibly complicated bill. He decided he was too old and set in his ways to spend six months learning health care. It's sort of a joke among Moynihan staff that the one part of the bill he engaged and got into was the protection of medical schools."

Moynihan's background predisposed him to side with the defenders of academic medicine. His stance

In the early sixties, Moynihan defined himself as a blend of tough anticommunist and domestic liberal.

In the seventies Moynihan was a neoconservative favorite. By the eighties, under Reagan, he was a liberal again.

was one part academic solidarity, one part pork barrel. In his new book, *Miles To Go*, Moynihan takes the administration to task for preparing its health care bill in secret and for failing to recognize that the bill would “devastate the

New York City hospital system which for most of this century has, in fact, provided universal health care for the city. . . .” In fact, there is little evidence that the bill would have destroyed the New York hospital system. Ironically, with the failure of universal health reform, a much more chaotic shakeout is currently rocking New York.

Moynihan can share some responsibility for that failure. When the Clinton plan appeared in 1993, Moynihan neither held hearings, nor worked with the administration, nor presented his own alternative until the next summer. Instead, Moynihan made his qualms public. On September 19, 1993, three days before Clinton delivered his formal address calling for universal health care, Moynihan went on NBC’s *Meet The Press* to declare that there was “no health care crisis” and that the projected Medicaid and Medicare savings of \$91 billion in the Clinton plan were a “fantasy.” Compared to recent cuts in Medicare, that amount almost seems modest.

Moynihan gave great weight to “Baumol’s Disease,” the proposition advanced by his friend, New York University professor William J. Baumol, that the cost of social programs inexorably rises because they are labor-intensive. For Moynihan, Baumol’s Disease made cost containment in health care a hopeless cause. So convinced was Moynihan of the cogency of Baumol’s work that he even invited Hillary Clinton to meet Baumol at his Pennsylvania Avenue apartment for lunch.

Moynihan’s own bill proposed new taxes on cigarettes and on handgun ammunition—another clever heuristic—to partially finance mandated health coverage in firms employing more than 20 workers. The bill went nowhere. Moynihan was

behaving more like a freelancing freshman than as a key committee chairman of the President’s party.



If Moynihan failed to play a key role on health care, his passivity on the welfare reform bill is even more puzzling. This was a subject he knew intimately. In the Nixon administration, Moynihan had drafted the proposed Family Assistance Plan (FAP) guaranteeing poor people a minimum annual income. The plan was scotched, mainly by liberals who considered the income support far too meager.

In 1988, Moynihan worked with the Reagan administration to enact the Family Support Act, tightening work requirements and enforcement of child support by absent fathers. This, too, alienated many liberals, yet failed to alter fundamentally the welfare entitlement. When Carter ran for the presidency, there was still a broad sense that America needed to “end welfare as we know it.” Yet though the original Clinton plan proposed to accomplish this with a blend of tough time limits and generous subsidies, Moynihan doubted that Congress would spend the money. Conservatives, he believed, had been all too successful at starving the system of resources and demonizing the poor. He avoided any leadership role on welfare reform. Mostly he remained on the sidelines, and sniped.

As Finance Committee chairman, Moynihan might have sought to broker a coalition of moderate Republicans and Democrats to reform welfare. According to Mark Schmitt, a former senior staffer to Bill Bradley, “Everyone was looking to what Moynihan was going to do. It took a long time to realize that Moynihan’s not asking us to go anywhere with him. Clinton should have been cognizant of the consequences of pulling Bentsen out. Moynihan cannot assemble that bipartisan center in the Finance Committee.”

A former aide to Moynihan puts it, “Moynihan basically figured it was a lost cause and people like O’Donnell were saying, ‘Why even dirty your hands. If you try to come up with a serious alternative that will involve making painful compromises, you’re going to end up losing anyway and you’ll be blamed for making those compromises. You’re much better off sitting on the mountaintop and holding fast to principle.’” In the end, Moynihan was one of 21 Senate Democrats who voted against the bill. “Hundreds of thousands of these children

live in households that are held together primarily by the fact of welfare assistance," he told the Senate. "Take that away and the children are blown to the winds."

Besides health and welfare, the other key jurisdictions of the Finance Committee are tax policy and Social Security. Moynihan did support the tax increases in the 1993 Clinton deficit-reduction package; he also helped broker the "nanny tax" reform, streamlining the system for employer payment of Social Security taxes for household employees, and raising the threshold from \$50 to \$1,000 a year. But he has not weighed in seriously on the big issues of tax reform. Moynihan's main recent contribution to the Social Security debate was his oddly bipartisan embrace of the downward adjustment of the Consumer Price Index.

To the horror of many mainline Democrats, he promoted Michael Boskin to head the CPI commission. But the "Boskin Commission" was stacked with economists who had already made up their minds. It was not a scientific process, but an exercise designed to provide an imprimatur for cutting Social Security outlays. Moynihan may be right that Social Security needs to be cut back, but as an intellectual it is surprising that he was willing to preprogram the result by endorsing a commission headed by Boskin.

Nor has the other commission that Moynihan has headed—on the Central Intelligence Agency—come up with a realistic program to reform it. Granted, reforming the CIA may be a hopeless task, but Moynihan, who had flamboyantly called for abolishing the CIA in the early 1990s, now sticks to lambasting the CIA for its miserable performance in gauging Soviet capabilities and intentions. In his foreword to the commission's March 3, 1997, report, Moynihan, in high Wilsonian dudgeon, quotes his friend Edward Shils's warning against "the torment of secrecy." Moynihan observes that "a culture of openness can, and ought to, evolve within the Federal Government." Unlike most government reports,

Moynihan's foreword is beautifully written; like most government reports, it is longer on the failings of the system than on measures to correct them. And like many of Moynihan's elegant pronouncements, it is without political legs.

THE SENATE AS IVORY TOWER

At the end of the day, Moynihan's two decades in the Senate have capped a distinguished career as a public intellectual, but have not enhanced the influence he already enjoyed as an academic and policy advisor. He has used the Senate for every intellectual purpose, except legislating. Moynihan

was certainly in the advance guard in the liberal rethinking of welfarism, of the Third World, and the Soviet threat. But when he sought to reverse ground, and defend what was good in the welfare state, or attack the excesses of the national security state, he has been curiously impotent. It is tempting to count this failure as just another variation on the current isolation of American liberalism. But even as a traditional liberal, in the liberal heyday, Moynihan was more successful as critic than architect.

As a defender of social programs in the nineties, Moynihan played an oddly passive role on welfare policy.



Despite his frustration with both the Clinton White House and the Republican Congress and his strange lack of legislative impact, Moynihan's own political fortunes have never appeared more prosperous. His Senate seat remains impregnable; in *Miles To Go*, Moynihan recounts his smashing victories over his opponents in recent elections with victory margins running over two million votes: "I carried Dutchess County, seat of the Roosevelts. In four presidential contests, FDR never did."

Moynihan has also begun to be canonized as a public figure. In March, on the occasion of his seventieth birthday, the Wilson Center held an all-day seminar on his life and books that was attended by academic luminaries and political associates from around the country. George Stephanopoulos recently told the *New York Times* that while he has no intention of challenging Moynihan in 2000, the "Moynihan model is an outstanding model. . . . One day, yeah. I think senator's a great job." If anything could snap Moynihan out of his current funk, it might be the specter of a Stephanopoulos succession. □

WELFARE-TO-WORK ISN'T CHEAP

HOW SHE GOT A JOB

BY MICHAEL GRUNWALD

Miriam Rodriguez lived the welfare life, 15 empty years of soaps and snacks and midday walks to nowhere. Every day she changed the diapers, cleaned the apartment, washed the dishes, cleaned the apartment again, and every day she knew tomorrow would not be another day, but the same day. Still, the routine had its charms: \$1,018 a month in cash and food stamps, complete health benefits for her and her four kids, affordable public housing. She had grown up with nothing, no money and no plumbing, sharing a single dingy bedroom with both her parents and all six of her siblings. Now she had a family's best friend: steady money. And an absurdly clean apartment.

But Rodriguez left that life behind. She now works full-time as a records clerk for Coopers & Lybrand in downtown Boston, processing forms, answering phones, entering tax data into computers. It is her first job since 1981, when she was fired from a textile factory, after quitting a job as a nurse's aide. So far, it's working out fine. "Miriam does a great job," says her supervisor, Ella Orrigo. "We overload her, but she handles it all." Even Rodriguez is amazed how utterly her life has changed at age 38. "I never used to think of myself as having a future," she says. "I figured I'd stay on welfare the rest of my life. Now I feel like I can do anything."

Miriam's makeover sounds like a welfare reform success story, and in a way it is. But it is more of a job training success story, the result of eight months she spent with a Boston nonprofit agency called One With One. For 40 hours a week, the program helps foreign-born and Puerto Rican women learn English as a second language, teaches them office skills, drills them in corporate culture, guides them through two internships—and sends them into jobs.

The program's record is staggering: Last year, all 29 members of Rodriguez's class, including 18 welfare mothers, found jobs after graduation—from Yuliya Babsiyeva of Azerbaijan, an \$8.90-an-hour claims clerk at Harvard Pilgrim Health Care, to Min Zhou of China, a \$9.89-an-hour loan clerk at the Education Resources Institute. The year before, all 19

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One With One graduates got jobs; the year before that, all 48. And a recent follow-up survey indicated that most graduates are staying employed, often with modest increases in pay.

With states scrambling to move welfare mothers into work, you might think intensive training programs like One With One would be all the rage. Think again. The prevailing attitude of the federal Personal Responsibility and Work Opportunity Reconciliation Act, and of most state-level welfare reforms, is "work first." Despite its roots in the rhetoric of dependency, welfare reform assumes that anyone on the dole can get and keep a job; it sets a time limit, then leaves recipients to find their way out of the welfare culture on their own. The top priority is steering recipients directly into paid or unpaid jobs, or at least job search and job placement programs. Training is a much lower priority, and long-term training is almost out of the question. The programs are not a quick fix, they are not cheap, and they do not always work.

It is worth noting that One With One does not accept unmotivated applicants, and this selectivity helps explain its unusual success. Still, its record shows that with enough time and money, job training can bridge the gap between at least some unskilled workers with "underclass" values and a high-skill economy that demands "middle-class" values. One With One works precisely because it accepts the ugly truth that many welfare mothers, unpleasant as it sounds, are simply not ready for the mainstream workforce. And the workforce is not ready for them. "These women come to us with absolutely no idea what a job would require of them," says Margaret Van Duyne, the founder and director of One With One. "They think the workforce is nurses chatting at the nurses' station on *General Hospital*. They don't get concepts like punctuality or reliability or customer service. Why would anyone want to hire them?"

It is 8 a.m., and 30 trainees are about to find out whether anyone would want to hire them. They've faced war, repression, and famine in their homelands. They've struggled with violent boyfriends, disabled kids, drugs, depression, day care crises, and decrepit housing in America. Some

Many welfare recipients simply aren't ready to hold down a job.

of them came to One With One at second-grade reading levels; several were sexually or physically abused as children. But all that is secondary today, because today is the Jobs Fair. Twenty-seven companies are here, and there is work to be found.

The women wear no-nonsense business suits and sensible shoes, hair up in buns and braids. They remember to smile, stand up straight, make eye contact, shake hands like they mean it. They use proper English, no slang, no double negatives. At One With One, professional behavior is a crucial part of the curriculum, and after six months of intensive drilling, it begins to come almost naturally. "It's a hard program, but it's worth it," says 24-year-old Clotilde Rosario, a third-generation welfare recipient. "It's changed the way I talk, the way I dress, the way I answer the phone. And my attitude. Now I know I'm getting off welfare, and my son won't have to grow up with it."

For two hours, the room buzzes with earnest chitchat, as trainees glide from table to table. Marie Denise Chery, a tiny Haitian woman living in a homeless shelter, proudly informs American Personnel that her typing has improved from 30 to 45 words per minute in just three months. "I'll reach 55 soon," she says with a confident smile. Ana Flamenco, a 32-year-old Salvadoran refugee, reminds Tufts Health Plan that she was a popular intern there: "They gave me a party when I left!" Mai Doan, a shy immigrant from Vietnam, answers the Boston Company's questions with heartfelt résuméspeak: "I am seeking an entry-level clerical position which offers increasingly challenging responsibilities."

The trainees do come off a bit, well, trained, but the recruiters are clearly impressed. Many met these same trainees in November, before their internships began, and the change is dramatic. "They were incredibly nervous last time, but now they're so much more comfortable," says Maryanne Edwards, a recruiter for a department store chain. Ron Porter hands out applications for American Personnel with an air of near desperation. "They've got great attitudes, and they're all well-trained," he says. "I'd like to hire 20 of them."

By now, these women have learned to file and fax, run WordPerfect and Excel, write business letters and purchasing orders. But more important,

they've learned to adapt to the culture of the workforce: how to manage their time, work on a team, handle a job interview, follow directions, even make small talk. "Anyone can teach people how to type, but that's not enough," Van Duyne says. The premise is that moving from welfare to work is like immigration, a disorienting process of shedding lifelong habits and adjusting to a brave new world. Time can be unimportant to the unemployed. Not to a boss. Skintight jeans may be appropriate on the streets. Not in the office. For those of us who work, who grew up seeing parents work, it is hard to comprehend the depth of this cultural chasm. "Before the program, I didn't know how to turn a computer on and off, or how to use a staple remover," Miriam Rodriguez says. "I didn't even know what that thing was." She is pointing to a paper clip.

Says one participant,
"Before the program . . .
I didn't even know what
that thing was." She is
pointing to a paper clip.

It would be nice if welfare recipients just needed a little prodding from the government to find stable work, but here are the facts: Half of them are high school dropouts. More than half report a history of domestic abuse, and more than a quarter say they are depressed. Two-thirds test in the bottom fourth for job skills. One-third have never held a job. And to restate the obvious, almost all are single moms, and all are poor. Research by the Urban Institute concluded that only one-fifth of them can find jobs on their own, and about one-third need only modest job search assistance. That means nearly half will need serious help, and welfare reform is not going to provide it.

In Massachusetts, Governor William Weld's welfare aides publicly boast that their caseload has decreased 44 months in a row, but they privately expect it to flatline soon. With unemployment low, just about every welfare recipient with any skills has already found work. Because Massachusetts has a two-year limit on benefits, even stricter than the five-year federal limit, the stage is set for a major crisis come December 1998. "The big question is what happens after two years are up," says Dolores Lewis, who used to coordinate education and training for Weld's welfare department but now focuses on child care. "Obviously, not everyone is going to be working. . . . Some of them need a lot of hand-holding."

Given these widespread concerns about job readiness, you might think Congress would want to spend some money to try to move 4 million women into work, and provide child care for their 7.5 million kids. Wrong again. The new welfare law actually cuts federal spending by \$55 billion over the next six years, and allows states to

spend the money however they choose. In fact, as Christopher Jencks recently pointed out in these pages ["The Hidden Paradox of Welfare Reform," May-June 1997], the new block grant system gives states strong incentives to spend even less on the poor. And while critics have focused on the implications for low-income children, who have lost their entitlement to cash benefits, the switch to block grants also means federal dollars will no longer be earmarked for job training. Not surprisingly, many states are already cutting back on those programs. In Massachusetts, where job training now accounts for only \$10 million of a \$1.1 billion welfare budget, the number of recipients in education and training programs has dropped more than 20 percent since the state's welfare overhaul began in November 1995.

That is bad news for programs like One With One, which runs up onetime costs of more than \$8,000 per trainee, with the government paying about one-third of the bill. It's very expensive, and it would be worse if One With One did not recruit volunteer mentors who help each trainee with English, parenting, and just about anything else. Still, when a trainee leaves welfare, gets a job, starts paying taxes, and requires a smaller housing subsidy, the government savings can be as high as \$15,000 a year. What's more, her children are much less likely to land in foster care or juvenile detention. And wasn't welfare reform supposed to have something to do with breaking cycles of dependency?

Van Duyne, a stern Miss Grundy type who wears librarian glasses and speaks Total Quality Management jargon, runs One With One like a factory: Her product is reliable employees, and her 68 corporate partners are her customers. She makes potential trainees prove their ambition by requiring them to check out three other programs, spend several days filling out paperwork, and write several book reports before they even

apply. Her program itself is a simulated workplace in which punctuality is a given, English is the only language spoken, and a fifth absence is grounds for termination. "We get these women out of Fantasyland," she says. "We make it clear they need to take responsibility for their lives now, because their employers won't have time for their problems."

On Miriam Rodriguez's fourth day of training, her 15-year-old daughter Jessica dropped out of school and ran away with a drug-dealer boyfriend. Van Duyne was sympathetic but firm: Rodriguez had to solve her problem immediately so she could

concentrate on her training. So Rodriguez signed a warrant for her daughter's arrest and then skipped class the next day to ask a judge to place Jessica in a foster home. Jessica begged for another chance, but Rodriguez refused to take her back for two months. Jessica has learned her lesson: She ditched the dealer, returned to school, and is now almost a surrogate mother for her three younger siblings, stepping in whenever Mom needs to work. "I had never

been tough with Jessica before, but they showed me how," Rodriguez says.

Job training is not a panacea, and several studies have shown that not every job training program works nearly as well as One With One. Massachusetts actually had the nation's most intensive and most acclaimed education and training effort for welfare mothers under former Governor Michael Dukakis, but subsequent research suggested that the "ET Choices" program produced only meager gains in income, which were quickly wiped out by a horrid recession. More recently, a study by Manpower Development found that programs focusing primarily on "human capital development" instead of the immediate job market produced no gains in income. The fuzzier the connection between learning and earning, the easier it is for trainees to lose interest.

But while the well-known failures have convinced some critics that long-term training doesn't

work, the literature actually provides a pretty clear picture of what successful programs need to do:

- Make sure clients are truly committed to training and getting a job.
- Help them overcome barriers to employment, from abusive boyfriends to health problems to unruly children.
- Teach "soft" skills like punctuality and time management as well as "hard" skills like word processing and database management.
- Link training as closely as possible to the job market.

As a recent General Accounting Office study found, those "best practices" create results. Two days after the job fair, Clotilde Rosario became the first member of this year's class to find a job, as a \$10-an-hour data entry clerk in Harvard University's gifts office. "I want to go to college someday, to be a nurse or maybe a pediatrician," she says. "My mother grew up on welfare, and she raised me on welfare. I want a better life than that for my little boy."

Looking at the numbers, her chances might seem good. One With One recently sent surveys to its 174 graduates from the last six years; 112 responded, and 110 of them are still employed. (One was laid off in a bank merger; another quit her job because of a serious illness.) The median starting salary was \$8.35 an hour; the median current salary was \$10. But as encouraging as those numbers are, here is a more important one: 3.9 percent. That is the current unemployment rate in Massachusetts. In this labor market, firms are eager to hire, and even workers with limited skills have a range of opportunities.

So what happens when the business cycle turns? This job glut cannot last forever, and in the coming years, the flood of welfare recipients pushed off the rolls is sure to crowd the labor market. The danger is that as more applicants compete for fewer jobs, wages and living standards at the bottom end of that market will decline even further. President Clinton can plead with employers and churches and even federal agencies to hire welfare recipients, but he cannot erase supply and demand pressures.

One With One has a perfect track record, so why isn't government rushing to create more programs like it?

And historically, former welfare recipients have been the first workers laid off during downturns. "The problem is not just getting a job, which is hard enough," says Lewis, the Massachusetts official. "It's keeping a job."

Miriam Rodriguez understands this dilemma all too well. She now makes \$8.94 an hour, or \$18,000 a year, 50 percent more than she used to collect in welfare and food stamps. And now she can accept help from her boyfriend, a hotel housekeeper, without fear of losing benefits. But because of her higher income, her public housing rent has jumped \$163 a month, and her health benefits at Coopers & Lybrand are nowhere near as generous as Medicaid. Most ominously, Massachusetts only guarantees free day care for one year after a family leaves welfare. (It also provides only one year of Medicaid for former recipients who remain uninsured.) Rodriguez is on several waiting lists for subsidized day care vouchers, but she has no idea how she would be able to afford child care without help from the government. "In a way, my life was a lot easier on welfare," she says. "But I don't ever want to go back and be a loser again. I'll work something out."

Of course, programs like One With One have more immediate concerns. President Clinton, eager to "fix" the welfare law he signed last August, has requested an extra \$3 billion for training for welfare mothers. But the administration is still wedded to the work-first model, and the national trend increasingly favors ten-week or even five-week training programs. In Massachusetts, recipients with school-age children (one-fifth of the caseload) have only 60 days to start work or community service before their benefits are terminated, hardly enough time for anything resembling long-term training. "We've always recognized that larger investments in training are needed to make welfare reform work," says Health and Human Services spokesman Michael Kharfen. "But I think it's fair to say the emphasis is on getting a job quickly."

Last year, the city of Boston asked Van Duyne to run a three-month program for harder-to-serve welfare recipients—instead of the applicants coming to her, she would have to recruit the applicants. She decided that three months was not enough time to teach office skills, so she set up a retail training program, and sent invitations to the 800 women on her list. Twenty-five replied; ten actually came. In the end, Van Duyne halted the experiment before classes even began. "We just couldn't

guarantee that these women could get a job and keep a job after three months," she says. "I'm sorry, but it would take longer than that just to restore their self-respect."

As a nod to the climate, Van Duyne is cutting next year's program from eight to six months, but she says that for her troubled clientele, any shorter would be an invitation to failure. The research of David Ellwood and Mary Jo Bane revealed that most welfare mothers at any time are long-term recipients; the work of One With One suggests they need long-term help. "Miriam Rodriguez was on welfare for 15 years," Van Duyne says. "Can you get her a stable job in six weeks? Then tell me how, because I would like to know."

In some ways, women like Rodriguez represent the promise of welfare reform. Even she admits that after 15 years on the rolls, she probably would have stayed on indefinitely without a time limit forcing her to seek self-sufficiency. Her daughter Jessica, who had threatened to get pregnant and go on welfare herself, now wants to be a hairdresser. The father of three of Rodriguez's children—who could not even live with her under the old system without endangering her benefits—recently proposed marriage, and she accepted.

Still, One With One is not exactly proof that anyone can be saved. Rodriguez and her classmates were obviously ill equipped for the workforce, but they were also unusually motivated to get equipped. Compared to the hard core identified by Ellwood and Bane, they were the elite. Rodriguez—the only one of her seven siblings to finish high school—checked out 14 programs before deciding on One With One; she read 43 books to prepare for her training. "I figured if I was going to do this, I was going to do it right," she says. "My whole life had been a failure. I wasn't willing to fail again."

This year, 300 people inquired about One With One; only 30 jumped through the requisite hoops to get accepted. In an era of time limits, what will happen to the other 270? And what will happen to those who never even bothered to ask about the program? The welfare reformers are right: The old system created an entitlement mentality, and encouraged dysfunctional behaviors. But if graduates of programs like One With One are immigrants to the world of work, no one has figured out what to do about families stuck in the old country. □

WHAT RUSSIA TEACHES US NOW

HOW WEAK STATES THREATEN FREEDOM

BY STEPHEN HOLMES

For half a century, the Soviet Union was not only our principal military adversary. It was also our ideological and moral "other." Both left and right in America defended their competing visions of a liberal society in reaction to the Stalinist nightmare. In this sense, the Cold War profoundly shaped our public philosophy. Indeed, we might say that the Cold War was our public philosophy. The demanding contest with Soviet communism guided how we thought about the core principles underlying our basic institutions. For liberalism was, or appeared to be, totalitarianism turned inside out.

What features of the American creed did this master contrast lead us to stress? Freedom of speech and the press, first of all, and freedom of conscience, for these were cruelly repressed under Moscow's sway. In the same spirit, Americans underscored the freedom of movement, the right to form private associations, the right to a fair trial, and the right to vote in competitive elections where incumbents might be toppled from power. Likewise emphasized was the latitude to accumulate private wealth, on the assumption that a decentralized and unplanned economy alone could provide the basis of both prosperity and political freedom.

Revulsion at the Gulag and the thought police encouraged a particular way of construing these classical liberal freedoms. They were styled, in general, as "negative" liberties, as rights against the state, as shields guarding vulnerable individuals from governmental abuse.

Now the Soviet Union has been swept off the map, but all is not well in Russia. Outside of Moscow, living conditions have deteriorated so severely that some Russians have reverted to subsistence agri-

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culture. Ironically, Russians today have more reason to worry about the debility of the state than about its power. Symptoms of internal disarray are ubiquitous: prison outbreaks, railroad bandits, soldiers begging cigarettes in public places, packs of dogs on the streets of provincial cities, unrepaired oil leaks. The state barely has the resources to function as a result of massive tax evasion and the murders of tax inspectors (26 were killed in 1996), the stiff-arming of Moscow by regional leaders, and the eye-popping enrichment of prominent individuals who sit astride public agencies and semiprivatized enterprises.

The debility of the Russian state not only inflicts suffering on Russians, but also is the source of new specters haunting the West: more Chernobyl-style meltdowns, over-

the-counter sales of nuclear know-how to

rogue states, the proclaimed technical and

financial inability to liquidate existing

stockpiles of biological and chemical

weapons, shamefully maintained oil

tankers, a contagious disease crisis that

may eventually threaten Europe, orga-

nized-crime activity

metastasizing alarm-

ingly abroad, the inabil-

ity of the central gov-

ernment to live up to its

obligations (as in the case

of NASA's space station),

a questionable command-

and-control system, and lack

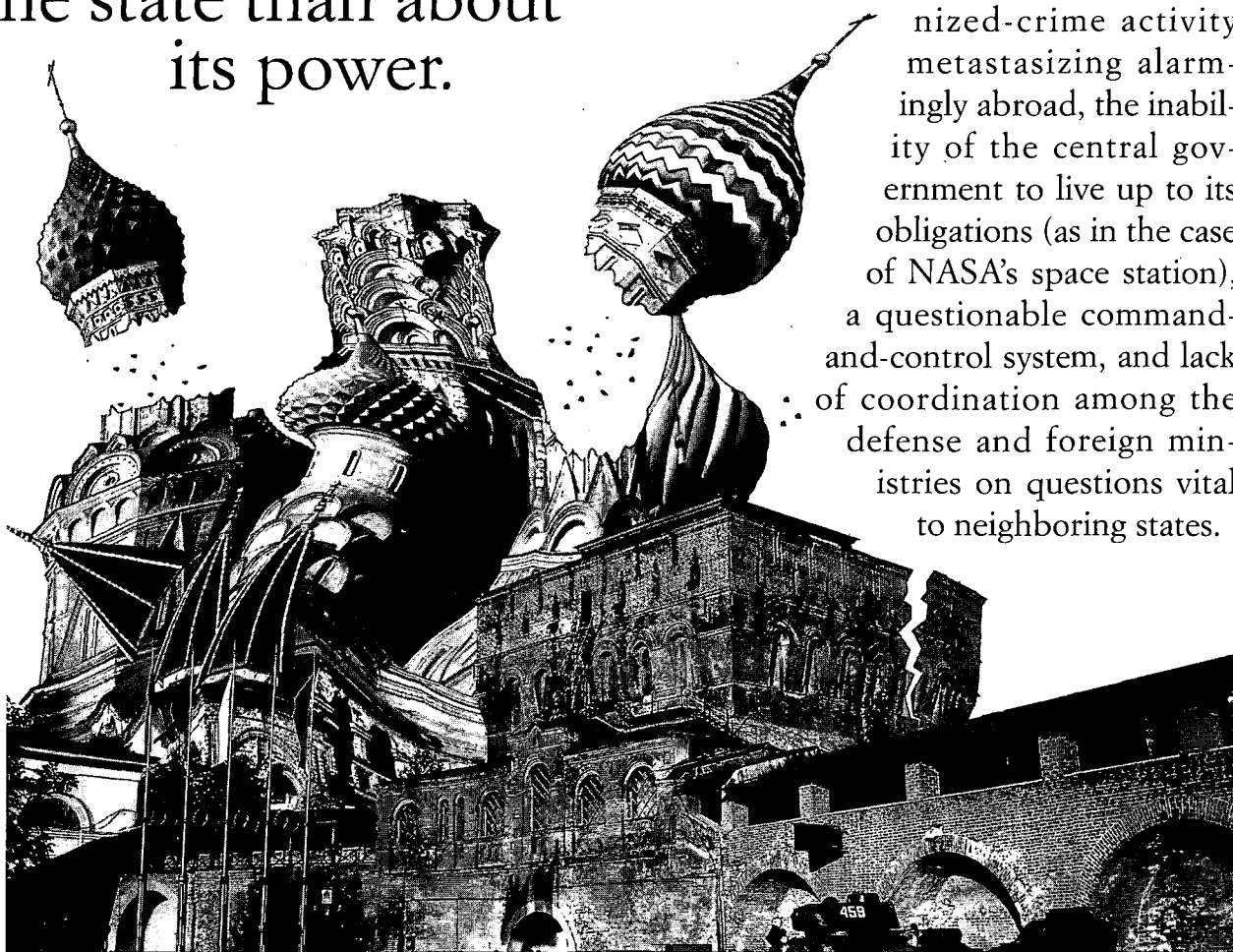
of coordination among the

defense and foreign min-

istries on questions vital

to neighboring states.

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Talented young reformers may be welcomed into the Kremlin, but they will not soon resolve their country's grave crisis of governability. While the buses still manage to run, the Russian government is conspicuously unable to enforce its own laws. Total tax revenues as a percentage of gross domestic product hover somewhere below 10 percent (this excludes the vast and untaxable gray economy), compared to roughly 30 percent in the United States and an average of 45 percent in western Europe. The problem liberal reformers face is no longer censorship and the command economy, nor is it frustrated national pride and xenophobia (though these exist), but something quite new: an incoherent state tenuously connected to a demoralized society.

What can we learn from this shocking situation? How should we reassess the celebration of "free markets" and "spontaneous exchange" when we observe totally unregulated markets in ground-to-air missiles and other lethal leftovers of the Soviet arsenal? And what about "pluralism," "decentralization," "countervailing powers," "private associations," and the "independence of society from the state"? Perhaps we have as much to learn about these ideas from communism's aftermath as we once believed we had to learn from communism itself.

During the Cold War, when all political evils seemed to swarm from "too much government," the threat posed by too weak a government played little role in liberal self-understanding. (I use "liberal" in the expansive philosophical sense, embracing both contemporary American conservatives and liberals.) But this was not always so. In Madison's famous formulation in the *Federalist*, constitutional restrictions on government assume that we "first enable the government to control the governed." If the public authorities can be outgunned or bribed, the vibrancy of the private sector can be pathological. For there is no rule of law until the Mafia needs lawyers. Of course, the increased visibility of grave social harms from unregulated markets and cutthroat bands should not prompt us to embrace ironfisted government. But the woes of Russia's politically disorganized society should heighten our appreciation of the role of government in promoting liberal freedoms and serve as a lesson to those among us who see the state only as a threat to liberal values.

NO PUBLIC POWER, NO INDIVIDUAL RIGHTS

Classical liberal theory deemed political authority necessary because individuals are partial to themselves and, left to their own devices, the strong and the deceitful have an irresistible proclivity to exempt themselves from generally valid laws. That old insight is amply confirmed in Russia today. When the state that once owned everything is now so easy to despoil, why play by rules that apply equally to all? Libertarians sometimes argue that the coercive authority of the state extends only to the prevention of harm and the protection of property rights. In the Russian context, the word "only" here strikes a very false note. Limited government, capable of repressing force and fraud, turns out to be mind-bogglingly difficult to erect in a chaotic setting.

Today's Russia makes excruciatingly plain that liberal values are threatened just as thoroughly by state incapacity as by despotic power. "Destatization" is not the solution; it is the problem. For without a well-functioning public power of a certain kind there will be no prevention of mutual harm, no personal security, and no "standing rule to live by," to use a Lockean phrase. The rights inscribed in the 1977 Brezhnev Constitution went unprotected because of a repressive state apparatus. The rights inscribed in the 1993 Yeltsin Constitution go unenforced because the government lacks resources and purpose, and because incumbents are more keen on harvesting kickbacks and insider giveaways than on solving public problems.

Russia's disorder affects both state and civil society. The system of central control and coordination is in shambles, and the citizenry, while resenting political elites, remains passive and

There is no rule of law
until the Mafia needs lawyers.

inert. Incumbents are venal and incompetent, and social interests are too anemic and diffuse to coalesce into effective collective organizations or constituencies for reform capable of disciplining those in power. While not especially oppressive (with the important exception of Chechnya), the government is fragmented, unaccountable, and seemingly indifferent to the plight of its citizens. Social services atrophy and life expectancy plummets, while ordi-

nary Russians, expecting nothing from politics, eke out a living on their own.

That political fragmentation and the dissipation of authority make it impossible to realize liberal freedoms suggests that liberalism does not aim exclusively, or even principally, at diffusing power. What stands out, in the light of recent Russian experience, is the capacity of liberal government to unify power in accountable hands and to use it effectively.

Russian political dissidents are no longer being jailed, it is true. No one is punished or even threatened for violating the party line, for there is no party line. Journalists are blown to smithereens by suitcase bombs, but only when they rummage indiscreetly into corruption at the Ministry of Defense. No one is being incarcerated for their heretical beliefs, for heresy is not possible in the absence of orthodoxy. Both ideological censorship and indoctrination have disappeared along with ideology itself. No one in power fears, or takes any guidance from, political ideas.

The image of the lone refusnik crushed by a remorseless Behemoth reinforced a one-sided interpretation of liberal rights. It placed the accumulated weight of painful experience behind the assumption that rights are essentially "walls" erected against state power. This metaphor no doubt contains an element of truth. But its ultimate inadequacy is disclosed by the Russian situation today, where the defeat of liberal reforms is most clearly visible in the wall of indifference separating state from society. Corrupt incumbents, uninterested in oppression, live in a separate world from depoliticized citizens. Moscow, a sparkling enclave that misleads foreign observers, also symbolizes the total disregard of the Russian rich for the Russian poor. The faltering of Russia's liberal reforms, in other words, suggests that liberalism, best understood, aims not to seal off society from the state but, on the contrary, to keep open robust and transparent channels for consultation and partnership between honest public officials and honest private citizens.

Russia lacks legitimate political authority. But liberal rights depend essentially on the competent

exercise of a certain kind of legitimate public power. This is why violating an individual's rights involves disobeying the liberal state. Statelessness is such a deplorable condition because it signals the absence of the sole institution that is capable of extending its protection to the vulnerable. Put differently, the largest and most

reliable human rights organization is the liberal state. Beyond the effective reach of such a state, rights will not be consistently protected or enforced. Unless society is politically well organized, there will be no individual liberties and no civil society. It is an obvious lesson, but one that runs counter to what the antitotalitarian ethos induced us to assume.

Why do basic rights to decent treatment go unenforced in pretrial detention cells across Russia? Among the many rea-

sons is a breakdown of the chain of command. The right to be treated decently by policemen, prosecutors, judges, and prison guards presupposes effective systems of monitoring, subordination, and accountability. Custodial personnel behave more decently when monitored. The enforcement of rights, in other words, presupposes stable relations of authority and obedience.

By illustrating vividly the dependence of individual liberty on state power of a certain kind, the new Russia should help us focus more clearly on how authority enhances freedom in our own system. If the state is to have a monopoly of violence, the monopoly must be vested only in officials whom the public can hold accountable for its use. Liberalism demands that people without guns be able to tell people with guns what to do. While any credibly liberal government must be limited in important ways, it must not be so crippled or irresolute that, for example, local military or police or secret service authorities escape centralized civilian control.

In other ways, too, the blockage of liberal reform in Russia can conceivably bring liberal and individualist thought back to basics. The explosive growth there of legally unregulated social sectors should deflate overblown rhetoric about that

Rights depend upon the competent exercise of legitimate public power. Put differently, the largest and most reliable human rights organization is the liberal state.

"autonomous" sphere where American families can keep every penny they earn and from which government is scrupulously barred. Indeed, observing the devastating effects of a genuinely hands-off regime should help us clear up some serious confusions surrounding the words "dependency" and "independence" as they are casually heaved about in our political debate.

The right of a creditor to have a loan repaid is obviously a product of law and state authority. An American who asserts his rights in contract law or tort law must necessarily avail himself of the public power. When I sue, I am neither acting on my own in a coercion-free sphere nor am I trying to get the state off my back. Rather, I am asking the state to perform. A state that leaves loan collection to private thugs and can offer no remedy to victims of aggravated negligence cannot be a liberal state in the most basic sense.

That the same analysis applies to constitutional rights is obscured by the description of our Bill of Rights as a "charter of negative liberties." Constitutional rights are underenforced in Russia today because they, too, require governmental authorities to perform rather than merely to forbear. The right to vote is meaningless if electoral officials take bribes or fail to show up for work. The right to just compensation for confiscated property is empty if the treasury has nothing to disburse. The right to subpoena witnesses in one's own defense is useless if the court's solemn writs are greeted with laughter. The constitutional right to due process presupposes that, at the taxpayers' expense, the state maintains and makes accessible complex legal institutions that perform the cumbersome formalities of fair adjudication. For this reason, a nonperforming state cannot be a liberal state.

TAXES AND LIBERTY

Basic rights go unenforced in Russia not only because the state is distracted and inconsistent, but also because it is insolvent. Chronic underfunding erodes individual liberty for the same reason it damages military preparedness. That rights depend on the efficient use of public resources, as well as on the competent exercise of public authority, becomes clear when we examine the sickening conditions in Russia's correctional facilities, where

Individual rights
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rampant tuberculosis (2,000 inmates died of the disease in 1996), even among guards, and high mortality rates are due less to custodial abuse than to horrible overcrowding, inedible food, and the absence of basic medical care. Not torture, in this case, but a breakdown of public finances is the principal cause of the violation of inmate rights. So

a bankrupt state cannot be a liberal state, whatever the "cultural level" of its citizens.

What I mean by insolvency is not a lack of resources in society at large or the absence of wealthy citizens, for Russia has both. An insolvent state, in the pertinent sense, is one that cannot extract, in a way that is widely deemed to be fair, a modest share of social wealth and then channel the resources extracted into the creation and delivery of public services, rather than into the pockets of incumbents and their cronies. The Russian state is an illiberal state partly because it is insolvent. And it is insolvent because it is corrupt—because norms of public service are weak, and potential taxpayers do not trust the government.

One of the principal lessons of the new Russian illiberalism is that individual rights are unprotectable without the power to tax and spend. To extract resources efficiently, a government must be able to mobilize cooperation. Strong-state liberalism is not ironfisted because "state strength," in a liberal context, depends essentially on the legitimacy of authority, the capacity of the government to enlist voluntary support. Threats of reprisal for nonpayment of taxes, growled by self-enriching state officials, do not elicit honesty about private assets. To raise revenue with relative efficiency, a state must not only be seen to treat citizens fairly, but it must also communicate public purposes in an understandable way and strike partnerships with important social groups and actors in an attempt to solve common problems.

The Russian government cannot protect basic rights for the same reason that it cannot provide such elementary public goods as a nontoxic environment, books in elementary schools, x-ray film in public hospitals, veterans' benefits, a nationwide highway system, railroad maintenance, and potable water. It cannot protect rights because it cannot target extracted resources to the provision of pub-

lic goods. Courts are working, it is true, but judicial dockets are chronically backlogged because budgetary outlays earmarked for the judiciary are pitiful and often do not arrive. The dependency of basic rights on tax revenues helps us see that rights are public goods. Far from being walls bricking out the meddlesome state, even the so-called negative rights are taxpayer-funded and government-managed social services designed to improve collective and individual well-being.

PROPERTY AND THE STATE

This includes property rights. Soviet Russia drew attention to the way laws and regulations can stifle economic activity. Post-Soviet Russia lends credence to the opposite truth. Without clearly defined, unambiguously assigned, and legally enforceable property rights, ownership does not encourage stewardship, just as privatization does not elicit an entrepreneurial response.

It is not merely that government must supplement and perfect the market. The point is more basic and cuts deeper. The market is created, sustained, and constantly attuned by legislative and adjudicative decisions that prove unenforceable in a politically disorganized society. Just as you cannot have capitalism where everything is planned, so you cannot have capitalism where everything is for sale, not at least if the salable items include employees at the public registry of titles and deeds. Markets presuppose a competent and honest bureaucracy.

My rights to enter, use, exclude from, sell, bequeath, mortgage, and abate nuisances threatening “my” property all palpably depend on something that does not yet exist in Russia: a well-organized, well-funded, authoritative, and relatively honest court system. A liberal legal system does not merely protect and defend my property. It lays down the rules of ownership specifying, for instance, the maintenance and repair obligations of landlords or how jointly owned property is to be sold. It therefore makes no more sense to associate property rights with “freedom from government” than to associate the right to play chess with freedom from the rules of chess.

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The contemplation of weak-state capitalism should make plain the hopeless limitations of a libertarian conception of “independence.” An autonomous individual cannot create the conditions of his own autonomy autonomously, but only collectively. If the wielders of the police power are not on your side, you will not successfully “assert your right” to enter your own home and make use of its contents, as the Muslims evicted from West Mostar in Bosnia have repeatedly learned. For property is a complex set of rules enforced by the state. Even more dramatically, private property is a sham if the community cannot train and equip an army capable of defending its territory against foreign marauders and predators. That is the lesson of, say, Srebrenica.

The implications are worth spelling out: All liberal rights presuppose or imply the dependency of the individual on the collectivity and on the principal instrument of the collectivity, that is, on the coercive-extractive state. This is a truism and a banality. But it is another one of those truisms that Cold War-dominated thought did not fully absorb.

THE DEBILITY OF RUSSIAN CAPITALISM

At the basis of a liberal economy lies the willingness of people to rely on each other's word. Trust, like thrift and industriousness, is a psychological attitude with roots outside the legal order. But while liberal systems elicit and reward such attitudes, illiberal systems asphyxiate them. Because contracts are not reliably enforced in Russia, payment by the installment plan is not an attractive arrangement for creditors. In the autonomous realm, beyond the reach of government, extortion is rampant, but borrowers have a hard time obtaining long-term loans. For one function of the liberal state is to lengthen the time horizons of private actors by predictably enforcing known and stable rules. Property is worthless if you, and potential purchasers, do not believe in the future.

Capitalists know this and tend not to invest in countries, such as Russia, where—to employ a different idiom—the discount rate of economic actors is high. Long-

gestation investment in productive facilities, where jobs might be created, is unlikely when fixed assets are difficult to defend against lethally armed extortionists. In such circumstances, capital tends to flow into the removal of natural resources that can be guarded at the site of extraction and during transshipment and that fetch a handsome price on world markets.

Currency stabilization alone is not enough to improve Russia's investment climate because the instability of trade, banking, customs, and tax regulations, too, casts a cloud over the future. While the Russian government is no longer oppressively tyrannical, it is not yet predictable, and therefore remains illiberal. Because the state's capacity to tax is inadequate, authorities have taken to slapping retroactive taxes on foreign firms, which keep honest books and are in no position to refuse. This myopic raiding of potential investors is a fair example of the effects of political disarray on the public welfare.

Moral outrage at weak-state capitalism is not necessarily a reflection of residual socialism or aversion to inequality, as is often assumed. In Russia, the current distribution of ownership—which underlies the market—appears illegitimate to ordinary people because most owners did not work for their wealth or inherit it according to publicly known and accepted rules. Private property is a more troublesome and troubled institution in Russia than in the West because, for obvious reasons, no postcommunist society can consistently implement the rule "give back what is stolen."

Profit seekers also still assume that the most appropriate means for dealing with business competitors are plastic explosives. The unpoliced economy arouses discontent when its principal players are seen as racketeers whose techniques for "dispute resolution" run the gamut from intimidation to contract killings. State incapacity is also revealed in the way new Russians have managed to exploit a pervasive lack of corporate accountability for personal gain. Directors of state-subsidized enterprises buy inputs from friends at inflated prices and sell

outputs to friends at bargain prices, thereby decapitalizing their firms and siphoning public wealth into private pockets. They walk away with assets and dump liabilities back into the public debt. They can skim so deftly only because no one with the public interest in mind has the power to stop them.

Dog-eat-dog capitalism also thrives on the absence of enforceable antifraud law. The impunity of con men, although it will surely not last forever, keeps people out of the market today who might otherwise come in. Ordinary Russians are less put off by the act of buying and selling than by their vulnerability to possible scams; hence they cling to suppliers they know personally.

In the West, consumers benefit from a competitive market in restaurants because, as voters and taxpayers, they

have created and funded sanitation boards that allow them to range adventurously beyond a restricted circle of personally known and trusted establishments. Thus, the feebleness of markets in Russia, despite economic liberalization, suggests the importance of political organization and state performance for fostering the trust among strangers necessary if the market is to become national and not merely local. A sausage factory in Samara will not sell to a retailer in Nizhnii Novgorod if it is unable to collect debts across oblast borders.

For a punishing percentage, thugs may selectively enforce the repayment of loans. Obliging, they will also kill your creditors. But the one thing they are not going to do is enforce general rules against fraud or unfair business practices. The reason is obvious. Antifraud law is a common good, based on a biblically simple moral principle (cheating is wrong), the benefits of which cannot be captured by a few but are diffused widely throughout society. So here again, Russian conditions draw attention to the way liberal markets depend, for their moral basis, on a liberal style of governance.

Wild capitalism could nevertheless win public approval—despite its ruthlessness, stunning inequalities, and fondness for fraud—if it produced general prosperity. But Russians living outside Moscow have not received a booming econo-

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my to compensate for their loss of job security. For state incapacity entails not only gangland massacres and pyramid schemes, but also a paucity of investments in infrastructure and skills, feeble enforcement of stockholders' rights, lack of securities-exchange oversight, weak trademark protection, legal unclarity about the status of collateral, and inadequate regulation of the banking sector to ensure a steady flow of credit to businessmen rather than cronies. The nonenforcement of antitrust law may also reduce the shared benefits of economic liberalization. For these reasons—and above all because property rights are not clearly defined and impartially protected—"privatization" in Russia does not foster innovation, encourage investment, boost worker productivity, raise production standards, or stimulate the efficient use of scarce resources.

THE DEMOCRATIC CHARADE

These lessons also apply to the Russian political system. Russia mounts elections and tolerates a free press, but it does not have democracy. Why not? Voting in Russia is not a means by which citizens discipline their rulers. Elections in Russia, in fact, do not create power. For the most part, they mirror the power that already exists. Incumbents find their supporters in hidden networks. They do not draw their power, in any way, from the majority of average voters, which is why the public, although bitterly resenting its rulers, has given up actively opposing the government.

Russian elections do not produce anything even vaguely resembling accountable or responsive government largely because of institutional weakness. Popular cynicism about "democracy" is perfectly understandable: If the state is too weak to enforce its own laws, what is the point of seeking a share of the lawmaking power? Since the bicameral parliament has little knowledge of, and no control over, decisions made in the ministries, electing a deputy does not contribute one iota to governmental accountability.

What Russia's electoral charades bring home is something we already knew: Democratic procedures are of value only if they establish some sort

of dependency of public officials on ordinary citizens. While free citizens are dependent on the government for the exercise of their rights, incumbents elected popularly and pro tempore presumably have a reason to behave responsibly, to act as the agent of society, and to produce benefits of palpable value to a majority of voters.

Many Russian officials apparently see no reason to act this way. They live in a secretive bubble, supported—here I exaggerate to make a point—by stolen assets, the International Monetary Fund,

and various criminal affiliations. This lack of "dependence on the people" means that incumbents have little incentive to produce public goods that the average voter might find of some value. Just as society is undisciplined by "general and equal laws," so the state is unperturbed by the predicament of ordinary

voters. Just as citizens will not cooperate in the enforcement of laws and decrees, so the government seems unable to profit from the decentralized information and intelligence of private individuals.

Contemplating this lack of any discernible partnership between honest public officials and honest private citizens should lead us to reidentify the principal function of liberal constitutionalism. For liberal constitutionalism is valuable not only because it protects us from the tyranny of the minority or the majority, but also because it establishes a mutually beneficial alliance between the many and the few.

The social contract in Russia today can be described as an exchange of unaccountable power for untaxable wealth. This, needless to say, is a contract among "elites," a sleazy deal between political and economic insiders—the so-called criminal-nomenklatura symbiosis—who, in bed with each other, engage in mutually beneficial unpunishable misdeeds. The Russian government's most urgent task today is to decriminalize the economy and stimulate the development of organized rule-of-law constituencies, presumably businessmen who accumulate wealth without force or fraud. But thoroughly compromised incumbents cannot even begin such a process of reform. And where could they find honest businessmen to support them if they tried?

The overriding question in Russia is not: "Who governs?" but rather: "Why govern?" Why take the

If the state is too weak to enforce its own laws, what is the point of seeking a share of the lawmaking power?

trouble to govern, if you can feed off the imperial remains and vacation frequently in European resorts? The rest of society, the great mass of citizens, is left out of the contract, left—in extreme cases—to die out in a Darwinian struggle for survival.

Russia seems to be a broken-hourglass society in which the privileged do not exploit or oppress or even govern but simply ignore the majority. Labor quiescence is due to the fact that, roughly speaking, the rich are opportunistic scavengers who have gained their wealth by “cherry picking” and exporting raw materials, not by taking advantage of the working masses. Outside of a few sectors—especially those involving exportable natural resources where workers are paid well and on time—strikes would yield no benefits. Workers cannot credibly threaten to strike at a bankrupt state-owned enterprise, where outputs have a lower market value than the sum of inputs. No one needs their cooperation. You cannot create a “middle class” by handing workers shares in negative-value-added firms that retain their residual welfare functions and will never be able to compete on world markets.

REDISTRIBUTION AS INCLUSION

Communism’s unexpected aftermath might also encourage us to reconceptualize our contested social expenditures. Soviet-style regimes made it plausible to conceive of entitlements in liberal societies as a kind of dependency. For what is a recipient of public aid if not the antithesis of an enterprising individual? But the current disorder in Russia—where public officials have taken antipaternalism to the point of child abandonment—might encourage us to view social spending more as a choice between inclusion and exclusion.

The fiscal crisis of the Russian state is not caused principally by pensioners and others clamoring for handouts to which they have become accustomed. The chief impediments to budgetary responsibility (and to responsible governance in general) are the “spoiler elites” who thrive on legal chaos. Budgetary outlays for vulnerable groups have fallen for the same reason that all government

expenditures have dropped. The Russian state is unable to tax and spend.

Why are pensioners, veterans, and former Chernobyl cleanup workers infuriated by rumors that their welfare entitlements are soon to be reduced even further for budgetary reasons? Their problem is not (or not only) that seven decades of socialism have weakened their moral fiber. Rather, they do not relish being advised to tighten their belts, to give up, say, their pension benefits on which they counted their whole working lives, by unscrupulous apparatchiks who recently became windfall millionaires through insider-giveaways of assets that once ostensibly belonged to all and who are now surreptitiously stashing Russia’s investable resources in Cypriot banks. The roots of postcommunist popular

discontent lie less in deplorable habits of dependency than in accurate perceptions of betrayal.

Notice that the pathological disconnect between the Russian government and the Russian people is simultaneously a disturbing insulation of the rich from the poor. The separatism of the privileged, their palpable relief at not being in the same boat with their unfortunate fellow citizens, should force us to specify, by way of contrast, the kinds of rich-poor relations desirable in a liberal regime. During the Cold War, worries about poverty were sometimes, however implausibly, associated with the road to serfdom. Today, the terms of reference have changed. Should not the spectacular inequity of nomenklatura privatization lead us to ask how much and what kind of distributions are compatible with liberal principles? How unfair can a good society be? How does the liberal social contract—where citizens pay taxes and public officials provide public services—differ from a nomenklatura-criminal swap by which insiders simply wash their hands of the rest?

At the origins of liberalism lay the perception that private property could not be reliably protected by the police power alone, and that only a system of public assistance could moderate the desperation that would drive the poor to theft and arson. Liberalism never aimed at the abolition of classes but at class compromise. In its twentieth-

The idea that autonomous individuals can enjoy their freedom if they are simply unpestered by the public power dissolves before the disturbing realities of the new Russia.

century form, the liberal "mixed regime" honors the property rights of the well-to-do, while guaranteeing procedural fairness, voting rights, the right to strike, entitlement to public education, and various welfare rights to the less advantaged.

Perceptions of gross unfairness severely damage group morale. In order to fight wars, impose law and order, and even promote economic growth, lib-

The roots of post-communist popular discontent lie less in deplorable habits of dependency than in accurate perceptions of betrayal.

eral states have found it useful to take the edge off conspicuous economic inequality by relieving desperation and providing a bottom floor beneath which no one might drop. A free economy, where great accumulations of private wealth must be protected from the appetites of foreign and domestic predators, presupposes that the less privileged feel some perceptible stake in the system. A liberal state cannot claim, with any degree of plausibility, to be the impartial agent of society as a whole, unless it emphatically identifies exclusion as a moral problem and responds to it vigorously as a political challenge.

That is our political challenge, not Russia's alone. During the Cold War, the Soviet Union's closed society taught us to value the openness of our own society. In communism's aftermath, Russia's politically disorganized society reminds us of liberalism's deep dependence on efficacious government. The idea that autonomous individuals can enjoy their private liberties if they are simply left unpestered by the public power dissolves before the disturbing realities of the new Russia. To protect our freedom, we had better protect the legitimate political authority that enables and sustains it. And until we have responded more effectively to our own increasingly disturbing forms of social exclusion, we had better spare the world any smug self-congratulation.□

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LINGO JINGO

ENGLISH-ONLY AND THE NEW NATIVISM

BY GEOFFREY NUNBERG

Since Slovakia became an independent state a few years ago, the Slovak majority has been imposing increasingly stringent language restrictions on the ethnic Hungarian minority, whom they suspect of irredentist leanings. Hungarian place-names must be changed to accord with Slovak spellings, all official business must be transacted in Slovak even in districts that are almost entirely Hungarian-speaking, and so forth. It's a familiar enough pattern in that part of the world, where antique ethnic antagonisms are routinely fought out on the field of language, except that in this case, the Slovaks have insisted that their policies are in fact thoroughly modern—even American. By way of demonstrating this, the Slovak State Language Law of 1995 cites the example of American official-English bills, and the drafters of the law made a point of entertaining a delegation from the U.S. English organization. In American eyes, though, the similarities might lead to another, more disquieting conclusion: What if it's we who are becoming more like them?

For most of our history, language has not been a major theme in American political life. The chief reason for that, to be sure, is that God in his wisdom has given us a single dominant language, with few real dialects or patois of the sort that European nations have had to deal with in the course of their nation building. (One notable exception is the post-Creole variety spoken by many African Americans.) It's true that America has always had substantial communities of speakers of non-English languages: indigenous peoples; groups absorbed in the course of colonial expansion, like the Francophones of Louisiana and the Hispanics of the Southwest; and the great flows of immigrants from 1880 to 1920 and during the past 30 years. And since the eighteenth century there have been recurrent efforts to discourage or suppress the use of other languages by various minorities,

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particularly at the time of the nativist movement of the turn of the century. But the focus on language has always been opportunistic, a convenient way of underscoring the difference between us and them; the issue has always subsided as minorities have become anglicized, leaving little symbolic residue in its wake. Unlike the Slovaks, the Italians, the Germans, or those paragons of official orality, the French, we have not until now made how we speak an essential element of what we are.

Given the minor role that language has played in our historical self-conception, it isn't surprising that the current English-only movement began in the political margins, the brainchild of slightly flaky figures like Senator S.I. Hayakawa and John Tanton, a Michigan ophthalmologist who co-founded the U.S. English organization as an outgrowth of his involvement in zero population growth and immigration restriction. (The term "English-only" was originally introduced by supporters of a 1984 California initiative opposing bilingual ballots, a stalking horse for other official-language measures. Leaders of the movement have since rejected the label, pointing out that they have no objection to the use of foreign languages in the home. But the phrase is a fair characterization of the goals of the movement so far as public life is concerned.)

Until recently, English-only was not a high priority for the establishment right. President Bush was opposed to the movement, and Barbara Bush once went so far as to describe it as "racist." And while a number of figures in the Republican leadership have been among the sponsors of official-language bills, most did not become vocal enthusiasts of the policy until the successes of English-only measures and of anti-immigrant initiatives like California's Proposition 187 persuaded them that anti-immigrant politics might have broad voter appeal. Senator Dole endorsed English-only in the 1996 presidential campaign, and Newt Gingrich recently described bilingualism as a menace to American civilization.

The successes of English-only are undeniably impressive. Polls show between 65 percent and 86 percent of Americans favoring making English the

official language, and the U.S. English organization currently claims more than 650,000 members. Largely owing to its efforts, 18 states have adopted official-language measures via either referenda or legislative action, with legislation pending in 13 more (four other states have official-language statutes that date from earlier periods). The majority of these laws are largely symbolic, like the 1987 Arkansas law—which President Clinton now says it was "a mistake" to sign—that states merely, "The English language shall be the official language of the state of Arkansas." But a few are more restrictive, notably the measure adopted by Arizona voters in 1988, which bars the state or its employees from conducting business in any language other than English, apart from some narrow exceptions for purposes like health and public safety. In 1996 the House passed H.R. 123, which is similar in most respects to the Arizona law. (Its title is the "English Language Empowerment Act," which as the writer James Crawford has observed is a small assault on the language in its own right.) The Senate did not act on the bill, but it has been reintroduced in the current session; given the present makeup of the Congress, there is a fair chance that

some legislation will be enacted in this session—though perhaps in the watered-down version preferred by some Senate Republicans who are apprehensive about offending Hispanic constituents. In that form, as little more than a symbolic affirmation of the official status of English, the bill would likely win the support of some Democrats, and might prove difficult for President Clinton to veto.

In any case, to the extent that the bill is symbolic, its adoption is more or less facultative; the movement achieves most of its goals simply by raising the issue. At the local level, the public discussion of English-only has encouraged numerous private acts of discrimination. In recent years, for example, dozens of firms and institutions have adopted English-only workplace rules that bar employees from using foreign languages even when speaking among themselves or when on breaks. More generally, the mere fact that politicians and the press are willing to take the proposals of English-only seriously tends to establish the basic premise of the movement: that there is a question about the continued status of English as

Is what we
speak an
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element of
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are?

the common language of American public discourse. In the end, the success of the movement should be measured not by the number of official-language statutes passed, but by its success in persuading people—including many who are unsympathetic to the English-only approach—to accept large parts of the English-only account of the situation of language in America.

IS ENGLISH REALLY ENDANGERED?

In rough outline, the English-only story goes like this: The result of recent immigration has been a huge influx of non-English speakers, who now constitute a substantial proportion of the population. Advocates of English-only often claim that there are 32 million Americans who are not proficient in English, a figure that will rise to 40 million by the year 2000. Moreover, these recent arrivals, particularly the Hispanics, are not learning English as earlier generations of immigrants did. According to Senator Hayakawa, “large populations of Mexican Americans, Cubans, and Puerto Ricans do not speak English and have no intention of learning.”

The alleged failure to learn English is laid to several causes. There are the ethnic leaders accused of advocating a multiculturalist doctrine that asserts, as Peter Salins describes it, that “ethnic Americans [have] the right to function in their ‘native’ language—not just at home but in the public realm.” Government is charged with impeding linguistic assimilation by providing a full range of services in other languages, even as bilingual education enables immigrant children to complete their schooling without ever making the transition to English. Moreover, it is claimed, the peculiar geographic situation of Hispanics creates communities in which linguistic or cultural assimilation is unnecessary. For example, Paul Kennedy (himself no supporter of English-only) writes of an impending “Hispanicization of the American Southwest,” where

Mexican-Americans will have sufficient coherence and critical mass in a defined region so that, if they choose, they can preserve their distinctive culture indefinitely. They could also undertake to do what no previous immigrant group could ever

The English-only story is nonsense from beginning to end.

have dreamed of doing: challenge the existing cultural, political, legal, commercial, and educational systems to change fundamentally not only the language but also the very institutions in which they do business.

Once you accept all this, it is not hard to conclude, as Congressman Norman Shumway puts it, that “the primacy of English is being threatened, and we are moving to a bilingual society,” with all the prospects of disorder and disunity that bilingualism seems to imply. As Senator Hayakawa wrote:

For the first time in our history, our nation is faced with the possibility of the kind of linguistic division that has torn apart Canada in recent years; that has been a major feature of the unhappy history of Belgium, split into speakers of French and Flemish; that is at this very moment a bloody division between the Sinhalese and Tamil populations of Sri Lanka.

A U.S. English ad makes the point more graphically: A knife bearing the legend “official bilingualism” slashes through a map of the United States.

But the English-only story is nonsense from beginning to end. Take, for starters, the claim that there are 32 million Americans who are not proficient in English. To see how wild that figure is, consider that the total number of foreign-born residents over five years old is only 18 million, some of them immigrants from other English-speaking countries and most of the rest speaking English well. The actual Census figure for residents over five who speak no English is only 1.9 million—proportionately only a quarter as high as it was in 1890, at the peak of the last great wave of immigration. And even if we include people who report speaking English “not well,” the number of residents with limited English proficiency stands at around six million people in all. This is not a huge figure when you consider the extent of recent immigration and the difficulty that adults have in acquiring a new language, particularly when they are working in menial jobs that involve little regular contact with English speakers. (Or to put it another way: More than 97 percent of Americans speak

English well, a level of linguistic homogeneity unsurpassed by any other large nation in history.)

What is more, recent immigrants are in fact learning English at a faster rate than any earlier generations of immigrants did—and by all the evidence, with at least as much enthusiasm. Whatever “multiculturalism” may mean to its proponents, it most assuredly does not involve a rejection of English as the national lingua franca. No ethnic leaders have been crazy enough to suggest that immigrants can get along without learning English, nor would any immigrants pay the slightest attention to such a suggestion if it were made. According to a recent Florida poll, 98 percent of Hispanics want their children to speak English well. And the wish is father to the deed: Immigrants of all nationalities are moving to English at a faster rate than ever before in our history. The demographer Calvin Veltman has observed that the traditional three-generation period for a complete shift to English is being shortened to two generations. A recent RAND Corporation study showed that more than 90 percent of first-generation Hispanics born in California have native fluency in English, and that only about 50 percent of the second generation still speak Spanish.

That latter figure suggests that for recent Hispanic arrivals, as for many groups of immigrants that preceded them, becoming American entails not just mastering English but also rejecting the language and culture of one’s parents. It is a regrettable attitude (and the very one that English-only has batten- ed on), but the process seems inevitable: Relatively few Hispanics display the fierce religious or patriotic loyalty to their mother tongue that the Germans did a hundred years ago. The only exception is the Cubans, who have a special political motivation for wanting to hang on to Spanish, but even here the preference for English is increasingly marked—a survey of first- and second-generation Cuban college students in Miami found that 86 percent preferred to use English in speaking among themselves. It is only the assimilated third- and fourth-generation descendants of immigrants who feel the

loss of languages keenly, and by then it is almost always too late. (For a linguist, there is no more poignant experience than to watch a class of American college freshmen struggling to master the basic grammar of the language that their grandparents spoke with indifferent fluency.)

A number of factors contribute to the accelerated pace of language shift among immigrants: the increased mobility, both social and geographical, of modern life; the ubiquity of English-language media; universal schooling; and the demands of the urban workplace. In the nineteenth century, by contrast, many immigrants could hold on to their native language for several generations at no great cost: some because they lived in isolated farming communities and required very little contact with English speakers, others because they lived in one of the many states or cities that provided public schooling in their native tongues. At the turn of the century, in fact, more than 6 percent of American schoolchildren were receiving most or all of their primary education in the German language alone—programs that were eliminated only around the time of the First World War.

All of this underscores the irony of the frequent claims that unlike earlier generations, modern immigrants are refusing to learn English—or that modern bilingual education is an “unprecedented” concession to immigrants who insist on maintaining their own language. In point of fact, there’s a good chance that great-grandpa didn’t work very hard to learn English, and a fair probability that his kids didn’t, either. Today, by contrast, all publicly supported bilingual

Some 97 percent of Americans speak English well—a level of linguistic homogeneity unsurpassed by any other large nation in history.

education programs are aimed at facilitating the transition to English. The programs are unevenly implemented, it’s true, owing to limited funding, to the resistance of school administrators, and to the shortage of trained teachers. (An early study found that 50 percent of teachers hired in “bilingual” programs lacked proficiency in their students’ native languages.) And in any case such programs are available right now for only about 25 percent of limited-

English students. Still, the method clearly works better than any of the alternatives. An extensive 1992 study sponsored by the National Academy of Sciences found that, compared with various types of "immersion" programs, bilingual education reduces the time to reach full English fluency by between two and three years.

What of the other government programs that critics describe as opening the door to "official bilingualism"? Measured against the numerous social and economic motivations that limited-English immigrants have for learning English, the availability of official information in their own language is a negligible disincentive, and there are strong arguments for providing these services. To take an example that the English-only people are fond of raising, why in the world would we want to keep immigrants with limited English from taking their driver's license tests in their native languages? Do we want to keep them from driving to work until they have learned the English word *pedestrian*? Or to be more realistic about it—since many of them will have no choice but to drive anyway—do we want to drive to work on roads full of drivers who are ignorant of the traffic laws?

In any event, these programs are extremely, even excessively, limited. Federal law mandates provision of foreign-language services only in a handful of special cases—interpreters must be provided for migrant worker health care centers and for certain Immigration and Naturalization Service procedures, for example—and a recent General Accounting Office survey found that the total number of federal documents printed in languages other than English over the past five years amounted to less than one-tenth of 1 percent of the total number of titles, hardly a sign of any massive shift to multilingualism in the public realm.

LANGUAGE AS SYMBOLISM

Considered strictly in the light of the actualities, then, English-only is an irrelevant provocation. It is a bad cure for an imaginary disease, and

moreover, one that encourages an unseemly hypochondria about the health of the dominant language and culture. But it is probably a mistake to try to engage the issue primarily at this level, as opponents of these measures have tried to do with little success. Despite the insistence of English-only advocates that they have launched their campaign "for the immigrants' own good," it's hard to avoid the conclusion that the needs of non-English speakers are a pretext, not a rationale, for the movement. At every stage, the success of the movement has depended on its capacity to provoke widespread indignation over allegations that government bilingual programs are promoting a dangerous drift toward a multilingual society. The movement's supporters seem to have little interest in modifying that story to take the actual situation of immigrants into account. To take just one example, there are currently long waiting lists in

most cities for English-language adult classes—around 50,000 people in Los Angeles County alone—but none of the English-only bills that have been introduced in the Congress make any direct provision for funding of such programs. Who, after all, would care about that?

One indication of just how broadly the movement transcends any immediate,

practical concerns about immigrants is the success it has had in regions where issues like immigration and multiculturalism ought by rights to be fairly remote concerns. Of the states that have passed official-English laws in recent years, only four (California, Florida, Arizona, and Colorado) have large immigrant populations. The remainder consist of western states like Montana, North and South Dakota, and Wyoming; Indiana and New Hampshire; and all of the southern and border states except Louisiana (apart from Florida, the only state in the region with substantial numbers of non-English speakers). The breadth of support for these measures seems to increase as its local relevance diminishes, as witness the 89 percent majority that the measure won in an Alabama referendum and the unanimous or near-unanimous legislative votes for English-only measures in states like Arkansas, Georgia, Tennessee, Kentucky, and

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Virginia. These are not the sorts of places where voters could feel any imminent threat to English from the babel of alien tongues, or indeed, where we would expect to see voters or legislators giving much attention to immigration at all.

At the national level, then, English-only is not strictly comparable to explicit anti-immigrant measures like Proposition 187, which raise genuine substantive issues. The English-only movement has been successful because it provides a symbolic means of registering dissatisfaction with a range of disquieting social phenomena—immigration, yes, but also multiculturalism, affirmative action, and even public assistance. (Not missing a trick, U.S. English advocates like to describe bilingual programs as “linguistic welfare.”) By way of response, the movement offers an apparently minimal conception of American identity: We are at the very least a people who speak English.

It seems an unexceptionable stipulation. Even Horace Kallen, who introduced the notion of “cultural pluralism” 70 years ago as a counter to the ideology of the melting pot, readily acknowledged that all Americans must accept English as “the common language of [our] great tradition.” But the decision to invest a language with official status is almost never based on merely practical considerations. Language always trails symbolic baggage in its wake and frames the notion of national identity in a particular way. That is why the designation of a national language is controversial wherever the matter arises.

However, the actual significance varies enormously from one nation to the next. Sometimes language is made the embodiment of a liturgical tradition, as in various Balkan countries, and sometimes of a narrowly ethnic conception of nationality, as in Slovakia or the Baltic states. In the recent French debates over the status of the language and the use of English words, the language is standing in more than anything else for the cultural authority of traditional republican institutions—a recent constitutional amendment declared French not the national language, but *la langue de la République*.

Even in the American context, the case for English has been made in very different ways over the course of the century. For the nativists of Kallen’s time, language was charged

with a specifically ideological burden. The imposition of English was the cornerstone of an aggressive program of Americanization, aimed at sanitizing immigrant groups of the undemocratic doctrines they were thought to harbor. The laws passed in this period undid almost all the extensive public bilingualism of the late nineteenth century, particularly in the civic and political domains. The ability to speak English was made a condition for citizenship in 1906, and in 1915 an English-literacy requirement was added, over President Wilson’s veto. A 1919 Nebraska statute stipulated that all public meetings be conducted in English; Oregon required that foreign-language periodicals provide an English translation of their entire contents. More than 30 states passed laws prohibiting or restricting foreign-language instruction in primary schools.

The justification provided for these measures was a peculiar doctrine about the connection between language and political thought, which held that speaking a foreign language was inimical to grasping the fun-

damental concepts of democratic society. The Nebraska supreme court, for example, warned against the “baneful effects” of educating children in foreign languages, which must “naturally inculcate in them the ideas and sentiments foreign to the best interests of their country.” English was viewed as a kind of

“chosen language,” the consecrated bearer of “Anglo-Saxon” political ideals and institutions. A New York official told immigrants in 1916: “You have got to learn our language because that is the vehicle of the thought that has been handed down from the men in whose breasts first burned the fire of freedom.” (Like many other defenders of this doctrine, he dated the tradition from the Magna Carta, a text written, as it happens, in Latin.)

Taken literally, the chosen-language doctrine does not stand up under scrutiny, either linguistically or philosophically. Nothing could be more alien

The English-only movement is a means of registering dissatisfaction with immigration, multiculturalism, and even welfare.

to the Enlightenment universalism of the Founders than the notion that the truths they held to be “self-evident” were ineffable in other languages. But it is almost always a mistake to take talk of language literally. It was not our democratic ideals that seemed to require expression in English, but the patriotic rituals that were charged with mediating the sense of national identity in the period, such as the obligatory school-room declamations of the sacred texts of American democracy; and more broadly, the Anglo culture in which those rituals were embedded. Theodore Roosevelt made the connection clear when he said: “We must . . . have but one language. That must be the language of the Declaration of Independence, of Washington’s Farewell Address, of Lincoln’s Gettysburg speech and second inaugural.” The list is significant in its omissions. English might also be the language of Shakespeare, Emerson, and Melville, but its claim to merit official recognition had to be made on political grounds, as the only cloth from which our defining ideals could be woven.

In this regard, the “new nativism” is greatly different from the old. The modern English-only movement makes the case for a national language in what seem to be apolitical (or at least, nonideological) terms. English is important solely as a lingua franca, the “social glue” or “common bond” that unites all Americans. Indeed, advocates are careful to avoid suggesting that English has any unique virtues that make it appropriate in this role. A U.S. English publication explains: “We hold no special brief for English. If Dutch (or French, or Spanish, or German) had become our national language, we would now be enthusiastically defending Dutch.” (It is hard to imagine Theodore Roosevelt passing over the special genius of English so lightly.)

On the face of things, the contemporary English-only movement seems a less coercive point of view. Indeed, the movement often seems eager to discharge English of any cultural or ideological responsibility whatsoever. Its advocates cast their arguments with due homage to the sanctity of pluralism. As former Kentucky Senator Walter Huddleston puts it, Americans are “a generous

people, appreciative of cultural diversity,” and the existence of a common language has enabled us “to develop a stable and cohesive society that is the envy of many fractured ones, without imposing

any strict standards of homogeneity.” At the limit, advocates seem to suggest that Americans need have nothing at all in common, so long as we have the resources for talking about it.

That is misleading, though. Language is as much a proxy for culture now as it was at the turn of the century, except that now neither English nor Anglo culture needs any doctrinal justification. This explains why English-only advocates are so drawn to comparisons with polities like Canada, Belgium, and Sri Lanka. Turn-of-the century nativists rarely invoked the cases of Austria-

Hungary or the Turkish empire in making the case against multilingualism, not because such scenarios were implausible—after all, the nativists had no qualms about invoking equally implausible scenarios of immigrant hordes inciting revolution—but because they were irrelevant: What could Americans learn about their national identity from comparisons with places like those? And the fact that Americans are now disposed to find these specters plausible is an indication of how far the sense of national identity has moved from its doctrinal base. The ethnic divisions in Canada and Belgium are generally and rightly perceived as having no ideological significance, and the moral seems to be that cultural differences alone are sufficient to fragment a state, even this one.

There are a number of reasons for the shift in emphasis. One, certainly, is a generally diminished role for our particular political ideology in an age in which it seems to lack serious doctrinal rivals. Over the long term, though, the new sense of the role of a common language also reflects the emergence of new mechanisms for mediating the sense of national community—radio, film, television—which require no direct institutional intervention. And the effects of the new media are complemented by the techniques of mass merchandising, which ensure that apart from “colorful” local differences, the material setting of American life will look

English-only advocates say they cherish diversity, but they are more intolerant than their nativist predecessors.

the same from one place to another. ("To be American is to learn to shop," Newt Gingrich observed not long ago, without apparent irony.)

As Raymond Williams noted, the broadcast media aren't direct replacements for traditional institutions: They do not inculcate an ideology so much as presuppose one. In this sense they are capable of imposing a high degree of cultural and ideological uniformity without explicit indoctrination, or indeed, without seeming to "impose" at all. This may help to explain why the English-only movement appears indifferent to the schools or the courses in citizenship that played such an important part in the program of the turn-of-the-century Americanization movement, as well as to the theories about the special mission of English that were so prominent then. It's hard to imagine anyone making the case for English as the language of Washington's farewell speech or Lincoln's second inaugural, when students are no longer required to memorize or even read those texts anymore. Of all our sacred texts, only the Pledge of Allegiance and the national anthem are still capable of rousing strong feelings. But these are, notably, the most linguistically empty of all the American liturgy (schoolchildren say the first as if it were four long words, and I have never encountered anybody who is capable of parsing the second), which derive their significance chiefly from their association with the non-linguistic symbol of the flag.

CHERISHED CONFORMITY

It is inevitable, then, that modern formulations of the basis of national identity should come to focus increasingly on the importance of common experience and common knowledge, in place of (or at least, on an equal footing with) common political ideals. Michael Lind, for example, has argued that American identity ought to be officially vested in a national culture, which has native competence in American English as its primary index but is also based on American "folkways" that include

particular ways of acting and dressing; conventions of masculinity and femininity; ways of celebrating major events like births, marriages, and funerals; particular kinds of sports and recreations; and conceptions of the proper boundaries between the secular and religious spheres. And there is also a body of material—ranging from historical events that everyone is expected to know

about to widely shared but ephemeral knowledge of sports and cinema and music—that might be called common knowledge.

Once we begin to insist on these cultural commonalities as necessary ingredients of national identity, it is inevitable that the insistence on English will become more categorical and sweeping. Where turn-of-the-century Americanizationists emphasized the explicitly civic uses of language, English-only casts its net a lot wider. It's true that the movement has tended to focus its criticism on the government bilingual programs, but only because these are the most accessible to direct political action; and within this domain, it has paid as much attention to wholly apolitical texts like driver's license tests and tax forms as to bilingual ballots. Where convenient, moreover, English-only advocates have also opposed the wholly apolitical private-sector uses of foreign languages. They have urged the California Public Utilities Commission to prohibit Pac Tel from publishing the Hispanic Yellow Pages; they have opposed the FCC licensing of foreign-language television and radio stations; they have proposed boycotts of Philip Morris for advertising in Spanish and of Burger King for furnishing bilingual menus in some localities. For all their talk of "cherished diversity," English-only advocates are in their way more intolerant of difference than their nativist predecessors. "This is America; speak English," English-only supporters like to say, and they mean 24 hours a day.

The irony of all this is that there was never a culture or a language so little in need of official support. Indeed, for someone whose first allegiance is to the English language and its culture, what is most distressing about the movement is not so much the insult it offers to immigrants as its evident lack of faith in the ability of English-language culture to make its way in the open market—and this at the very moment of the triumph of English as a world language of unprecedented currency. (A Frenchman I know described the English-only measures as akin to declaring crabgrass an endangered species.) The entire movement comes to seem tainted with the defensive character we associate with linguistic nationalism in other nations. I don't mean to say that English will ever acquire the particular significance that national languages have in places like Slovakia or France. But it's getting harder to tell the difference. □

THE CHILE CON

PRIVATIZING SOCIAL SECURITY IN SOUTH AMERICA

BY STEPHEN J. KAY

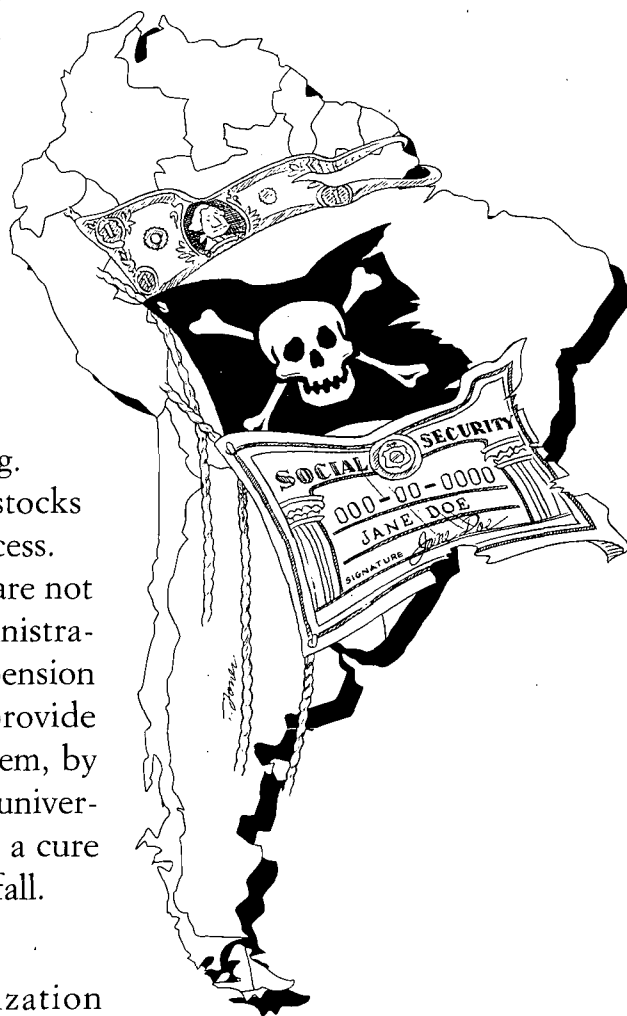
Advocates of privatizing Social Security point to the success of Chile. In 1981, Chile replaced its inefficient state-run pension program with a private system where workers fund their own retirements through compulsory private savings. The Chilean solution has captured the imagination of free-market believers the world over. But a closer look suggests that Chile is no model for the United States.

One problem is huge management fees. Up to 20 percent of worker contributions go to middlemen. A second failing is that only a little over half of Chilean workers make regular social security contributions. And even for those who do contribute, Chile's new private system provides little progressive redistribution of income. Chile has also benefited from fortuitous timing. Unsustainable high rates of return in both stocks and bonds have exaggerated its long-term success.

Even more fundamentally, the two systems are not comparable. Chile's old system was an administrative mess. Like many other Latin state-run pension systems, it was underfunded and failed to provide adequate coverage to most workers. Our system, by contrast, is well managed, clean, and nearly universal. In the U.S., privatization is far too radical a cure for what is essentially a modest actuarial shortfall.

THE PRIVATE GRAIL

In the Latin American context, privatization seemed a plausible remedy to the corruption and inefficiency of state-run systems, in nations not noted for clean and reliable government. In the Southern



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Cone of South America, aging populations and massive evasion by both employers and workers created a system disastrously out of balance. Surpluses had been wasted on bad investments; benefits were often inegalitarian and financed regressively; deficits were mounting; and management was inefficient. By the 1980s, ever fewer contributions were supporting more pensioners, and payroll taxes were among the highest in the world. Latin America's large informal sector left millions more with no coverage at all.

By the end of the 1980s (that "lost decade" of Latin American economic development), an era of crushing interest rates, negative growth, and fiscal calamity, there was broad support for pension reform, coupled with intense political conflict over the particulars. Reforms ranged from partial privatizations in Argentina and Uruguay, to an aborted privatization drive in Brazil, where reform is still underway. In recent years, Mexico, Peru, Bolivia, and Colombia have attempted variations on the theme.

Chile's plan, enacted during the Pinochet dictatorship, is the only case of total privatization. The Chilean approach reversed a 100-year global trend toward increased state sponsorship of social insurance. Most countries, including the United States, use a tripartite "pay-as-you-go" model, in which payroll taxes on workers and employers, supplemented by government contributions, fund current benefits. By contrast, in Chile's private plan workers are required to contribute 10 percent of their salaries to private investment accounts, whose funds are invested by private pension fund companies in closely regulated portfolios. Upon retirement, the accumulated capital can be used to purchase an annuity.

A MIDDLEMAN'S PARADISE

Seemingly, Chile's private system has achieved impressive average returns on investment. However, once commissions are factored in, the real return for individual workers is considerably lower. Nominally, the real annual return on investment between 1982 and 1995 averaged 12.7 percent. But a recent paper by World Bank economist Hemant Shah demonstrated that an individual's average rate of return over this period after paying commissions would have been 7.4 percent.

The real return after commissions over other

periods of time is even lower. For example, although the average rate of return on funds from 1982 through 1986 was 15.9 percent, the real return after commissions was a mere 0.3 percent! Between 1991 and 1995, the pre-commission return was 12.9 percent, but with commissions it fell to 2.1 percent. Chilean regulators have sought to lower commissions, which have come down from their peak of 8.69 percent of taxable salary in 1984 to around 3.1 percent today (this includes a disability insurance premium of around 1 percent of income), but these middleman fees still represent between 16.7 percent and 20 percent of a worker's overall social security contributions (administrative costs under the old public system in Chile represented 5 percent of total contributions). By contrast, the U.S. system pays no commissions, and administrative costs are less than 2 percent of workers' contributions. Upon a Chilean worker's retirement, financial advisors charge fees as high as 3 percent to 5 percent of the worker's total accumulated funds to help the worker choose among various financial options.

Although market competition was supposed to lower commissions in Chile, the private pension fund market is dominated by a handful of companies. These, according to economists Peter Diamond and Salvador Valdes-Prieto, form a "monopolistic competitive market" rather than a truly competitive one. A similar process seems to be taking place in Argentina, where commissions have remained around 3.5 percent of taxable salary.

Private pension funds engage in costly sales campaigns to capture members from each other. An estimated 25 percent of affiliates in Chile switch pension fund companies each year. These marketing wars of attrition keep administrative costs high. Moreover, evasion, which was rampant in the old public system, has continued in the private one. While many believed that a private system would reduce evasion because workers have a greater incentive to contribute to their own personal retirement accounts, 43.4 percent of those affiliated with the new system in June of 1995 did not contribute regularly. Furthermore, while it is difficult to quantify, there is evidence that there is substantial evasion among workers who do contribute. Chilean economist Jaime Ruiz-Tagle reports that while income for contributing workers in February 1995 averaged \$1,000 per month, the average declared taxable income was only \$460 per month.

Even if commission costs were lowered, the impressive returns on capital likely cannot be sustained. The 12.7 percent average return between 1982 and 1995 coincided with boom years in Chile complemented by government's high borrowing costs. Because of the debt crisis of the 1980s, Latin governments were paying double-digit real interest rates on their bonds—the main investment vehicle of social security funds. In effect, government was subsidizing the “private” system by paying astronomical rates on government bonds. Today's rates on government securities are much lower. Predictions for future annual returns, which will determine pension benefits, range between 3 percent and 5 percent.

EQUITIES AND EQUITY

Given the vast informal sectors in the region, the neediest members of the population remain outside of the social security system. Argentine economist Ruben Lo Vuolo estimates that given unemployment, underemployment, and the working poor, only 50 percent of the economically active population in Argentina are able to contribute regularly to the social security system. In Brazil, 57 percent of the workforce is in the informal sector.

Privatization also abandons the redistributive aspects of the public systems. As José Piñera, the founder of the Chilean system, noted, “the idea is not to redistribute income after a person retires.” In a private system, benefits depend exclusively on the level of individual contributions and investment performance, so social security ceases to be an antipoverty program.

Public systems tended to compensate for the intermittent work history characteristic of women. But the private social security systems in South America favor men by placing men and women in separate actuarial categories. Because they tend to earn less, spend more years of their lives in unpaid labor, and have greater longevity, women purchasing annuities upon retirement will systematically receive lower benefits than men. Furthermore, certain predominantly male occupations continue to receive special treatment. Military and police pensions, which have traditionally been generous, have been exempted from privatization.

Factor in the fees for middlemen, and Chile's system isn't such a bargain.

TRANSITION PROBLEMS

The extraordinary transition costs of privatization, and their distribution, is the most overlooked issue in the privatization debate. In a privatized system, workers stop paying social security contributions to the government, but the government must still pay benefits to those already retired. This shortfall in revenue can only be financed through cutting other government spending, raising taxes, or incurring debt. To pay for the social security debt in Chile, which is expected to be between 4 percent and 6 percent of their gross domestic product over the next seven years, the former military government ran a budget surplus while cutting spending on redistributive programs like health and education.

Argentina, which passed a partial privatization law in 1993, dealt with the revenue shortfall by cutting social security benefits. Such cuts would have been too controversial to include during the 1993 debate over the privatization law, which barely passed. However, once workers began affiliating with the new private system and the transition costs of privatization began to come due, the public social security system became vulnerable to further cuts.

The lesson here is that privatization is very expensive, and that the true costs of such a reform must be transparent. In one plan being discussed by the U.S. Social Security Advisory Council, 5 percent of workers' income would go into private accounts, diverting \$1.2 trillion from the public system over 35 or 40 years. How the United States would eventually pay for this transition is anybody's guess, but if the South American cases are any guide, the public redistributive component of Social Security and other public programs would become vulnerable to cutbacks.

POLITICAL RISK VERSUS MARKET RISK

In Latin America, politicians have often used social security as a political tool, doling out benefits and administrative jobs to loyal political supporters. Leaders like Juan Perón in Argentina and Getulio Vargas in Brazil used social security to

attract support for their urban-based populist political coalitions. For the politically connected, benefits were generous and easy to obtain, but average workers usually had to go through political intermediaries or endure long waits before getting benefits. Since industry and labor were protected from international competition, the costs were simply passed on to consumers.

Privatization, arguably, replaces political risk to pensions with market risk. In Latin America, social security benefits were always subject to political risk, because unlike in the United States, governments often failed to index benefits against inflation, or did not pay what they legally owed. By 1994, underpayment of benefits led to the filing of 335,000 lawsuits against the Argentine government for failing to fulfill its obligations.

Although Social Security has also been used by U.S. politicians to score points among voters, it has always paid its benefits on time, is fiscally solvent, and has never been subject to the episodes of fraud and mismanagement that have occurred in South America. Unlike their Latin American counterparts, would-be privatizers in the United States cannot substantiate rhetoric about government inefficiency ruining Social Security. Furthermore, although one of the virtues of privatization is that it removes Social Security from the hands of politicians, the vast sums invested in private pension funds will require adequate regulation, and hence will be subject to both political and market risks. The form of "political risk" can be modified, but in a government-mandated system that uses the power to tax, it cannot be eliminated.

As this brief description indicates, the Latin American social security systems suffered from financial and administrative problems that we in the United States can scarcely imagine, and their debates over privatization were informed by fundamentally different political and economic realities. Yet the private alternative displays serious flaws, and the rush to emulate it has slowed, even in Latin America. Ultimately, Argentina and Uruguay's governments divided political and market risks by passing privatization laws that preserved a strong public pillar.

Given that our own Social Security system does not suffer the maladies that plagued those in South America, privatization is a risky strategy for resolving a tractable actuarial shortfall. A key unresolved

issue is how the transition costs of privatization would be distributed. Would they be paid for by new taxes, government borrowing, or cuts in other areas of public spending? Would cuts come in health or education, as in Chile? Would Social Security retain a progressive redistributive component? How much of the market risks of privatization would be shouldered by individuals, and how much by the government? Would membership in a private system be optional or mandatory? How closely would pension fund investments be regulated? Would men and women be placed into separate actuarial categories, with women receiving lower benefits? And finally, given the Chilean experience, how would administrative costs be kept down?

These policy questions—not fleeting, bull-market-inspired visions of high investment returns—should be at the center of any debate over privatization in the United States. So far, the South American experiments in privatization do not provide evidence that should compel us to exchange one of our government's most successful programs for the expense, risk, and inequity of privatization. □

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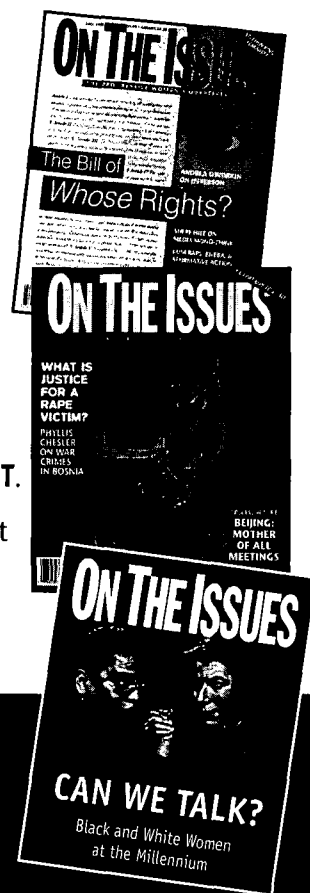
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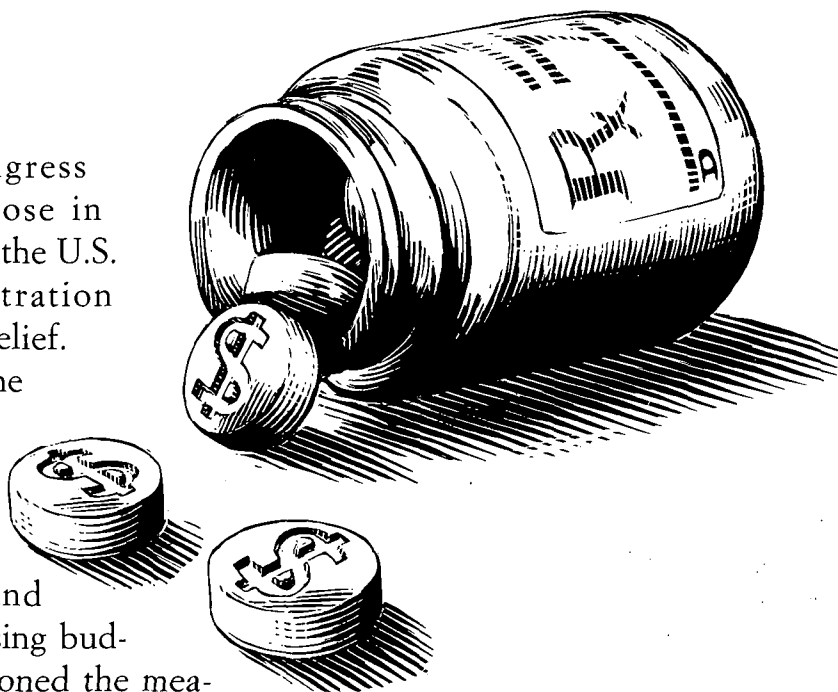
THE NEW BATTLE FOR THE FDA

BY ROBERT DREYFUSS

As the 104th Congress stumbled to a close in 1996, defenders of the U.S. Food and Drug Administration breathed a collective sigh of relief. Despite intensive lobbying by the drug and medical device industries, legislation designed to scuttle the FDA ran aground on the shoals of partisan acrimony and voter unease. Weary from bruising budget battles, Republicans abandoned the measures and industry lobbyists regrouped.

Now the lobbyists are back with a new series of proposals virtually certain to attract serious congressional attention this year. Some of the initiatives are relatively noncontroversial, the result of negotiations between industry and the FDA. Other proposals—the handiwork of privatization proponents and other antiregulation activists—would seriously impair the agency's ability to remain a strong and independent guardian of America's health.

The outlook for the radical reforms hinges on the competing strategies of two industry segments—pharmaceutical and biotechnology companies on one side, medical device makers on the other. Lobbyists for the pharmaceutical-biotech alliance hope to avoid the tactical errors of 1996; they are concentrating on relatively modest proposals they believe will gain bipartisan support. The device makers are determined to resurrect some of the radical ideas that went down last



year—and they have powerful allies in the chairmen of two key committees: Thomas J. Bliley of the House Commerce Committee, who spearheaded last year's anti-FDA crusade, and James Jeffords of the Senate Labor Committee.

If the two groups coalesce this summer in support of a single package for restructuring the FDA, their formidable lobbying presence will be tough to stop. Thanks to the political influence of its manufacturing companies, the medical device lobby has assembled a bipartisan coalition that includes such liberal stalwarts as Senators Tom Harkin of Iowa, Barbara Mikulski of Maryland, and Paul Wellstone of Minnesota. As if that weren't enough, the FDA enters this year's battle without its most forceful and articulate advocate—former commissioner David Kessler, who resigned in early 1997 after

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years of relentless battering by Bliley and other congressional critics.

Broadly speaking, both the drug companies and medical device producers agree on their regulatory philosophy. While each needs a strong FDA to maintain consumer confidence, each sees the FDA as slow and cumbersome, overly restrictive, and a barrier to quick approval of profitable new drugs and devices. In the industry narrative, patients urgently need drugs and medical devices, some of which could save their lives, yet the FDA's turgid bureaucracy prevents those products from being placed in the hands of doctors.

While some of these complaints are legitimate, the FDA has already taken a great deal of action to improve its performance—accelerating the drug approval process, for instance. In recent years, the FDA has put critical lifesaving drugs on a fast track and taken other steps that have reduced overall drug approval times. The key to these improvements was the 1992 Prescription Drug User Fee Act (PDUFA), which raises money for the FDA through levies on prescription drug companies. Over the past five years, PDUFA has provided \$327 million to the agency, allowing it to hire 600 more staff members and cut nearly in half the time needed in the final phase of the drug approval process.

What's more, FDA defenders rightly point out that many of the new drugs and devices that companies are so anxious to release are either "me-too" drugs—drugs that are basically equivalent to and no improvement on existing ones—or devices that represent minor, incremental advances over current devices on the market. Anyway, until the FDA can evaluate the safety of such products, it's not clear that the products really are better—and it's certainly not clear that contracting out device and drug reviews, as some lobbyists have proposed, would maintain public safety.

In the end, "modernization" has less to do with speeding lifesaving products to patients than with improving the industry's bottom line. Companies "claim that there's a huge constituency of patients

out there waiting for new drugs, and that the solution is changing the FDA," says Scott Sanders, spokesman for the American Foundation for AIDS Research. "But the truth is that the industry just wants to make it easier to approve and market their products."

DRUG WARS

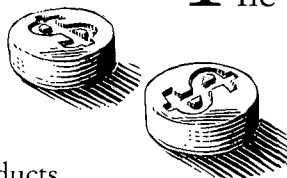
Although that argument carried the day in 1996, another showdown seems inevitable this year, since PDUFA will expire in September. Because the act provides such a substantial chunk of the FDA's budget, the agency desperately needs reauthorization of PDUFA for another five years.

The drug companies need PDUFA reauthorization too. Without it, the FDA will face a drastic budget shortfall and its mechanism for approving new drug applications will grind to a halt. Accordingly, the Pharmaceutical Research and Manufacturing Association (PhRMA) and the Biotechnology Industry Organization (BIO) have limited their agenda to the politically expedient. They would like the middle—or clinical—phase of the drug approval process to be even faster; they would like the FDA to allow wider promotion of drugs for unapproved purposes; and they want the FDA's demands for preapproval drug trials to be less stringent. But basically the drug companies are satisfied with PDUFA, and their primary goal is to attach moderate reforms to the PDUFA reauthorization that will not affect its passage.

Medical device makers, however, neither pay fees to nor benefit from PDUFA. Thus they can afford to

hold PDUFA hostage to demands for more sweeping reforms. Chief among them are controversial proposals to allow the FDA to contract out its review of medical devices to

"independent scientific review organizations" and to allow similar subcontractors, rather than FDA officials, to conduct on-site inspections of medical device manufacturing facilities. Opponents of this measure, like Ralph Nader's Public Citizen and the Patients Coalition—which represents about 100 consumer groups and disease-related groups for people with AIDS, cancer, and dozens of other mal-



The combined lobbying force of the drug and device makers could be formidable.

adies—say that third-party reviewers paid by manufacturers would inevitably be biased, since they would have a clear financial incentive to approve, rather than turn down, new medical devices.

Of course, adding too many boxcars to the PDUFA freight train could derail it.

Even some of the moderate proposals could spark determined opposition from key defenders of the FDA in Congress such as Representative

Henry Waxman of California and Senator Edward

Kennedy of Massachusetts. Other initiatives would probably incite a presidential veto. The drug and biotech firms worry that if the device makers are able to assemble a sufficiently powerful coalition of lawmakers, the agenda will shift once again to radical reorganization of the FDA—energizing the opposition and leaving them worse off than before.

Mindful of that possibility, the drug companies tried to preempt the device makers by cementing an early compromise that would satisfy at least some FDA defenders on Capitol Hill and—just maybe—the FDA itself.

Getting the attention of Congress was easy: Pharmaceuticals are one of the nation's most powerful lobby groups. The top twelve drug companies, ranked by order of political action committee contributions during 1995-96, are: Glaxo Wellcome, Pfizer, Merck, Eli Lilly, Bristol-Myers Squibb, Abbott Labs, Schering-Plough, SmithKline Beecham, Ciba-Geigy, Hoffman LaRoche, Pharmacia & Upjohn, and Genentech. In all, these firms support 64 full-time lobbyists in their Washington, D.C., offices, in addition to the formidable staff of PhRMA itself.

Besides that, according to the 1996 *Washington Representatives*, the dozen firms employed an astonishing 76 of Washington's best and brightest law firms and lobbyists to represent them on Capitol Hill, at federal agencies, and in public relations and grassroots campaigns. Many of these lobbying firms have contracted with more than one

drug maker, and sometimes with as many as a half dozen or more. Not all of this activity, of course, relates to FDA, but its enormous volume says a lot about the power of the pharmaceutical lobby in Washington. And many of these hired-gun lobby-

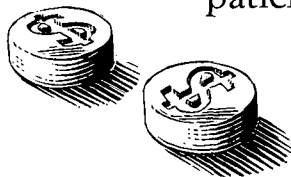
ists employ one or more former senators or congressmen; for example, former Senator Dennis DeConcini of Arizona works for the firm Parry & Romani Associates, which last year did work for

Genentech, Glaxo, Hoffman LaRoche, Pfizer, Pharmacia & Upjohn, PhRMA, and Schering-Plough. At the Senate Labor Committee hearings in April, Senator Jeffords interrupted the proceedings to nod and greet former Senator David Durenberger, a lobbyist for Bristol-Myers Squibb.

In 1995-96, makers of drugs and devices contributed \$2.8 million to federal candidates, three-fourths of that, more than \$2.1 million, coming from the PACs of the big 12 pharmaceutical companies. The biggest, Glaxo Wellcome, contributed \$411,454 all by itself. And the 12 concentrated their money where it would do the most good: More than \$193,000 went to the 16 Republicans on the health subcommittee of the House Commerce Committee, for an average of \$12,068 for each member; 13 Democrats on the subcommittee received just \$4,386 each from the companies' PACs.

Early on, the pharmaceutical companies sought an alliance with the biotechnology industry. In addition to meeting regularly at PhRMA, since last fall the drug makers' Washington team has met regularly at breakfasts organized by Pete Teeley, vice president for government and public relations at Amgen, a large California maker of biotech products. Amgen is a key player in several respects. In Washington, the company is represented by a premier insider, C. Boyden Gray, a partner at Wilmer, Cutler & Pickering, who was President Bush's White House counsel. Gray is also chairman of Citizens for a Sound Economy, a conservative public relations group that organizes grassroots support for Washington initiatives—and that last year spent \$2 million on a vitriolic campaign

“**M**odernization” may have less to do with speeding lifesaving products to patients than with improving the industry's bottom line.



against the FDA. Amgen also helped forge an alliance between PhRMA and BIO; the two associations chose Amgen's chairman, Gordon Binder, to present their joint testimony at a Senate Labor Committee hearing led by Senator Jeffords.

Concerned about the failure of the FDA reform effort last year, PhRMA and BIO members used the Teeley meetings and other forums to develop a revised strategy for 1997. Quietly, the drug and biotech companies began direct negotiations with the FDA, in effect bypassing Congress. "Last year, it was the industry talking to the Hill, and the Hill talking to FDA," says one lobbyist. "So we decided to talk to FDA directly." For the FDA, the negotiations were handled by the deputy commissioner for policy, William Schultz, a former aide to Henry Waxman and, before that, an attorney with Public Citizen. With the urgent need to renew PDUFA hanging over everyone's heads, the companies initially went to the FDA with a long list of reforms. "It was everything from big-ticket items to the absurdly minute," says an FDA official. But this was just the industry's opening position, a kind of wish list that quickly melted away in the face of the drug makers' desire to win renewal of PDUFA.

Over the course of two months, the FDA and the drug and biotech companies hammered out the outlines of a deal: They both would support congressional reauthorization of PDUFA; the companies would agree to increase their user fee payments by 21 percent a year for 5 years; and the FDA would agree to reasonable changes in procedures that would speed up the clinical trials phase of the drug approval process by 10 to 16 months, an acceleration that could mean hundreds of millions of dollars to companies able to market their products that much sooner.

CALLING CAPTAIN BLILEY

But the medical device makers prevailed on the key figure on FDA issues, Representative Bliley, to intervene on their behalf. Before the pharmaceutical-biotech alliance had a chance to close its deal with the FDA, Bliley demanded that the companies halt their discussions with the FDA. "As nice as



"Tom Bliley is the most important man in Congress," says one drug lobbyist.

those people are," says Mike Collins, a spokesman for Bliley, "laws are still written by those who are elected to write them, not by special interests talking

with government bureaucrats in Rockville, Maryland." In the Senate, Jeffords joined Bliley in announcing his intention to link PDUFA renewal to "FDA modernization."

Although Bliley's action may have seemed like a virtuous attempt to rein in a special interest, it was widely understood in industry circles that Bliley and Jeffords were doing more than just reasserting congressional prerogative. The medical device industry—the alliance of the Health Industry Manufacturing Association (HIMA), the Medical Device Manufacturers Association (MDMA), and the National Electrical Manufacturers Association (NEMA)—was worried that FDA negotiations with the drug and biotech companies would leave them in the dust. So their lobbyists persuaded the two committee chairmen to stop the FDA talks with the drug companies and link reform to PDUFA.

"We've met with Mr. Bliley several times this year," says Jeff Kimbell, executive director of MDMA. "We've had his support over the years. He understands why drugs and devices are different, and need to be treated differently." To reinforce that understanding, medical device companies organized an April 15 fundraiser for Chairman Bliley at a restaurant in Union Station, near Capitol Hill. Jeffords, too, has strong ties to the device industry, and his key staffer on the issue is a former lobbyist with HIMA.

The device companies have been engaged in a flurry of nonstop lobbying since the beginning of the year. In early April, the trio of device associations held a day-long seminar for House and Senate staffers on FDA reform, and MDMA staged the fourth in a series of "fly-ins," bringing 30 device company executives to Washington for meetings with members of Congress. In all, says Kimbell, MDMA company executives have held

more than 900 such meetings since last year. "Device companies are smaller than drug companies, and companies with 30 or 40 employees are not going to have a PAC," says Kimbell. "So we rely on the grass roots."

Indeed, the 12 largest device company PACs contributed a total of \$335,000 to federal candidates in 1995-96, less than the total for Glaxo Wellcome's PAC alone. But the combination of intensive lobbying and strategically placed campaign money gives the device companies an effective voice on Capitol Hill. The device makers are well aware that the drug and biotech firms are willing to abandon all but the most limited sort of reform in order to secure PDUFA. "The drug companies have billions of dollars at stake on PDUFA," says Steve Kelmar, vice president for government affairs at Medtronic, Inc., a Minnesota medical device maker. "They don't want us to interfere with that."

Bliley is the likeliest candidate to broker a compromise between the two sides. A nine-term veteran of Congress, Bliley brings to the table a visceral dislike of government regulation and an outspoken opposition to the FDA's way of doing things. Last year, Bliley was behind the controversial bills that ultimately went nowhere. This year, Bliley is once again determined to knock the FDA down a few pegs. Standing confidently behind the podium at the American Enterprise Institute last December, Bliley reaffirmed his intention to rewrite the rules for the FDA. He warned that although the FDA has improved its performance under congressional pressure last year, such "battlefield conversions" are not sufficient.

Bliley's stance on the FDA is hardly surprising, given his close financial connections with the industries that the agency regulates. Last year, Bliley collected more than \$34,000 from drug, device, and biotech industry political action committees. "Tom Bliley you give money to, because Tom Bliley is the most important man in Congress for us. That's the way the system works," says a drug industry lobbyist. "Don't ask me why Bliley wants money, but he asks for it. And we give it." They do so despite the fact that Bliley has not faced a serious opponent in his district for a decade; last year he raised more than \$1 million against a young challenger who garnered just \$30,000. Since its decision to treat cigarettes as nicotine delivery

devices, the FDA can expect Bliley's assaults will be redoubled. As Congress's top recipient of tobacco industry money for a decade or more, he has earned himself the nickname "congressman from Philip Morris."

What's more, Bliley has a longtime relationship with a leading device maker located in his district, A.H. Robins. Since the start of Bliley's career in 1980, the company's patriarch, E. Claiborne Robins, Jr., has been a regular contributor to his campaigns. Back in the 1970s, A.H. Robins gained notoriety as the manufacturer of the Dalkon Shield, an intrauterine birth control device whose faulty design caused infection, sterility, and even death in tens of thousands of women. (The FDA did not approve the Dalkon Shield, whose invention preceded the laws requiring that the FDA approve medical devices for safety and effectiveness.) With cold disregard for anything but the bottom line, A.H. Robins Co. hid the truth, covered up documents, suppressed scientific studies, and fought plaintiffs in court. At the very height of the controversy, in 1982, Bliley penned a tribute to the company's founder: "Claiborne Robins has put service to state and country and, above all, to his fellow man, well ahead of material pursuits."

By the end of the decade, however, the crush of lawsuits had bankrupted the company and, in the midst of a multibillion-dollar settlement with women injured by the Dalkon Shield, the shattered A.H. Robins Co. was sold to American Home Products. Bliley, who has recently owned as much as \$100,000 in American Home Products stock, and who has been a regular recipient of money from AHP's PAC, held a quiet meeting in February 1995 with its president and CEO, J.M. Stafford. Only days later, Bliley introduced a bill that would give drug and device companies immunity from lawsuits filed by injured consumers if the faulty product had previously secured FDA approval.

"In supporting both of these kinds of legislation, Bliley is doing things that can doubly damage the public's health," says Sidney Wolfe, director of the health research group at Public Citizen. "On one hand, he wants to lower the threshold for making drugs and devices safe, and so make it more likely that dangerous and unsafe drugs will get onto the market. And on the other hand, once they are on the market he wants to make it very difficult, if not impossible, to sue, on the grounds that the manu-

facturer is not liable once FDA has approved their product. So, you lower the standards and then you immunize the companies. A double whammy."

His governing philosophy notwithstanding, Bliley also happens to be a master legislator. He realizes that in order to advance FDA legislation he will have to forge a bipartisan coalition that can withstand the opposition of Waxman and his allies. If he is to succeed, Bliley must first reconcile the conflicting demands of the industry groups, and then come up with a politically realistic bill that will pass Congress and be signed by the President.

As a result, this year the watchword is bipartisanship. Bliley has been in regular contact since last fall with Secretary of Health and Human Services Donna Shalala, and with Representative John Dingell, the ranking Democrat on the Commerce Committee, seeking FDA legislation that can garner broad support. "Our goal is ultimately to get the President on board," says Bliley's spokesman Mike Collins. Collins is frank in admitting that the PDUFA reauthorization is the bargaining chip that could bring broader changes at FDA, noting that while big drug companies like Merck do not need changes in FDA approval processes to be profitable, smaller drug firms and medical device companies do. "Is PDUFA a kind of leverage for us to achieve our goal of modernizing FDA?" he asks rhetorically. "Of course it is."

STILL A TINDER BOX

In their public stance, at least, the big drug manufacturers seem willing to take few chances. To win the support of Kennedy, Shalala, and consumer groups, PhRMA President Alan Holmer announced that the industry wants only "consensus or noncontroversial FDA modernization items as amendments to PDUFA." And with diplomatic politeness, he suggested that Bliley and Jeffords would go along and that more hardcore conservatives like Indiana Senator Dan Coats, who want far more significant changes at FDA, would swallow their opposition and back the legislation.



Will the White House be willing to defend the FDA?

One reason to believe Holmer is the silence from conservative and libertarian groups such as the Cato Institute, Washington Legal Foundation, Citizens for a Sound Economy, and the Progress and Freedom Foundation. Last year, amid the frenzy of the Republican "revolution," these groups—many of them funded by drug and device companies—were competing with each other to promote radical FDA reforms, including the creation of private-sector, third-party reviewers to replace FDA scientists in the drug approval process. This year, the groups speak, if at all, in softened tones. Talk of FDA "reform" has given way to the gentler notion of "modernization." Publicly, industry spokesmen pay homage to consensus and moderation.

But such rhetoric belies what's going on behind the scenes, where even the pharmaceutical-biotech representatives still contemplate more radical restructurings. Other, more controversial bills are being developed with the support of PhRMA, BIO, and the medical device makers, and there is a real chance that some or all of them could be bundled into a package deal, which could then be attached to PDUFA reauthorization later in the year. One example: A separate bill would allow drug companies to advertise and promote their products for uses that are not approved by FDA—so-called "off-label use." Currently, the FDA does not allow companies to promote off-label uses, but drug and device companies believe that certain products could gain access to a much wider market if doctors would prescribe them for purposes that are not explicitly FDA-approved.

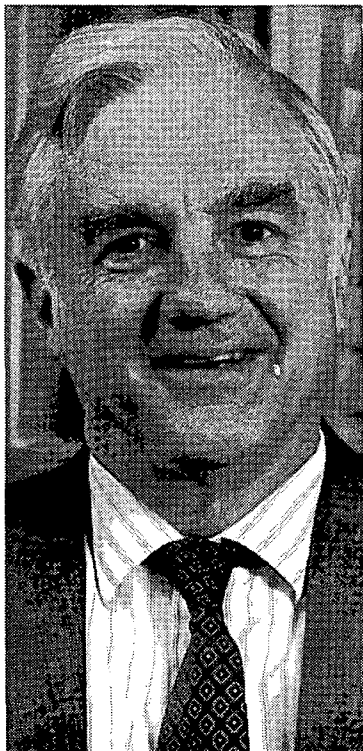
If those in industry who want far-reaching reforms succeed in convincing Bliley and Jeffords to stand firm on linking such changes to PDUFA, bipartisanship could collapse into acrimony. And the FDA could find itself facing a runaway piece of legislation that would compromise fundamental parts of its mission. In that event, the question is: Will the White House be willing to go to the mat to defend the FDA, or will President Clinton choose to compromise? At the FDA, they'd rather not find out.□

DEREK BOK

STATE OF THE NATION

GOVERNMENT AND THE QUEST FOR A BETTER SOCIETY

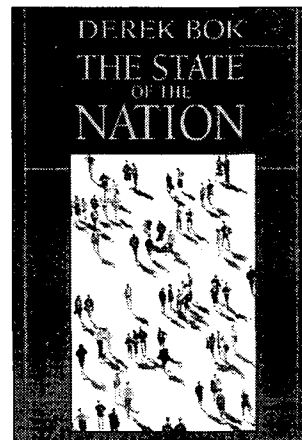
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REGRESSIVE RECOVERY

CALIFORNIA'S CURIOUS COMEBACK

BY PETER SCHRAG

By now it has become a truism that the California economy, which fell further than the rest of the nation in the recession of the early 1990s, and took longer to recover, has come back vigorously and is now outpacing the national economy. That's true whether one measures the rise in jobs, personal income, or the state's overall output in goods and services. California's unemployment rate is still a full point higher than the national rate, but as the Center for the Continuing Study of the California Economy (CCSCE) summarized early in 1997, "the state has regained all the jobs lost between 1990 and 1994 [and] most economists expect that the California economy will grow in 1997 and 1998—outpacing the nation each year."

More impressively, the recovery was led by what CCSCE calls "future high growth sectors": high technology; foreign trade, particularly with Latin America and the nations of the Pacific Rim; tourism and entertainment; and professional services—all sectors regarded as essential to the nation's long-term economic health. In large part, growth in those areas has replaced the jobs that vanished with the crash in defense spending on which the Golden State had been disproportionately dependent.

All that, not surprisingly, has produced a whole new Golden State romance, particularly about the brash, open high-tech industries and the free market in which they thrive. "The emerging face of California—ethnically diverse, technologically advanced, entrepreneurial, globally minded and highly innovative—holds out an enormous promise for most of the state's residents," said Joel Kotkin, one of the prophets of Pacific Rim nirvana, in a breathless report issued last year by the New West Center. "Nowhere is California's lock on 'knowledge value' more obvious than in the

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field of science-based industry. Despite the many predictions that California would lose momentum in those critical fields, the state has actually consolidated its dominant role as the premier center for innovation and research. The state's market share in high-technology employment has actually grown by one-third since the mid 1970s."

But while the California comeback may arise from those "future high-growth sectors," the recovery has economic and social characteristics that foreshadow a considerably more uncertain future. The state looks less and less like the old California dream and more and more like the Asian tigers and the other developing nations with which California, as a Pacific Rim trader, is so heavily engaged.



With one exception (general managers), the five fastest-growing job categories in California are all semiskilled or unskilled occupations paying \$6 or less per hour—waiters and waitresses; retail sales clerks; cashiers; and gen-

Begin with the most obvious element. In the past two decades, as almost everyone now knows, the gap between the highest and lowest income brackets has been growing. But in California, once regarded as the place whose education system and social services promised almost unlimited opportunity to reduce those gaps, the problem has become even more worrisome. Last year, in the first major study of its kind, the Public Policy Institute of California found that the difference between the incomes of those in the highest 20 percent of the population and those in the bottom 20 percent was increasing much more sharply in California than in other states. This finding marked a significant shift—during the 1980s the gap in California also grew, but at about the same rate as other states—and it was all the more alarming because of the cause. PPIC concluded that, to put it simply, California's poor have been getting poorer faster than in the nation as a whole.

Between 1976 and 1994, family income for the poorest tenth in America fell 13 percent; in California, PPIC reported, it declined 36 percent. For those in the second tenth, the national median was down 6 percent; in California, it was down 27 percent. Those deciles at the bottom, needless to say, are predominantly black and Hispanic.

There may not be so much mystery about all this.

eral office clerks. In a state like California, with its large population of unskilled aliens and the continued flow of illegal immigrants from Mexico and Central America, the story should be even more obvious. There is—enhanced border controls notwithstanding—a nearly unlimited supply of cheap labor, not just for farm work, but for the burgeoning Southern California garment industry, the growing ranks of the various service industries, and virtually anything else that can use unskilled workers. (With this kind of labor supply, and with large numbers of people being driven from welfare rolls to compete with the rest of the low-wage labor force, it's hard to imagine why Alan Greenspan worries so much about inflation.)

And so while the cheering goes on for the stars of DreamWorks and other high-flying Hollywood ventures, for the new fusion of computer and graphics technologies, and for the unique economic vitality of the interlinked companies of Silicon Valley with its large numbers of foreign-born entrepreneurs, engineers, technicians, and scientists (in terms of ethnicity and gender, Silicon Valley may be the most highly integrated and diversified job site in the world), almost no one has noticed the other half of this economy, which has been growing just as rapidly. Agriculture and canning in California now employ an estimated 500,000 work-

ers, more than all the high-tech manufacturing put together, and, as Don Villarejo and CIRS, the California Institute for Rural Studies, have pointed out, the number seems to be rising as growers shift from field crops like wheat to more-intensive, high-value produce—which is less mechanized and requires more hard labor. The result is a combination of higher production and lower wages.

Many of those workers remain officially invisible. CIRS recently demonstrated, complete with maps, that there are thousands of people living in garages, tool sheds, and the other “back houses” of California Central Valley towns like Parlier. Nobody has recorded these people’s existence—not the Census Bureau, not the Bureau of Labor Statistics, not the Department of Health and Human Services, nor anyone else. Their existence is far closer to John Steinbeck’s California of the 1930s than to anything being cheered by the Center for the New West. Farmworker wages, now averaging about \$6,500 a year, are down everywhere in America, but they have fallen considerably more in California, down from just over \$6 an hour in 1985 to just over \$5 (compared to a national average of just over \$6 nationally) in 1996. On the job, many still have no access either to drinking water or toilets; few get employer-paid health benefits.

The same goes for the thousands of workers in the garment industry. The apparel business is virtually the only sector of California manufacturing to add substantial numbers of jobs between 1990 and 1996. Despite recent efforts to foster collaboration among unions, manufacturers, and retailers in securing compliance with the minimum wage and other basic labor standards, thousands of people continue to work in sweatshop conditions.

Surveys by the state Controller’s Office, among others, bolstered these findings by showing that even in glamour sectors like Silicon Valley, a growing percentage of the jobs go to contingent workers—people who have neither permanent jobs nor the benefits that used to come with them. That in part explains another California anomaly: While

the state has some of the nation’s most liberal Medicaid eligibility rules (and still covers a relatively generous menu of services), it also ranks among the top ten states in the nation in the percentage of its population—nearly a fourth—that has no health insurance at all, and in the percentage of births where the mother had no prenatal care in the first trimester. California, which has led the country into managed care, now also seems to be leading it into the new world of the working uninsured.

Accompanying—and exacerbating—the growing gap in incomes is the tax shift that took place in the past five years. California’s tax structure has always been relatively progressive, but the recent shifts have made it less progressive than it once was.

To cope with severe budget shortfalls of the early 1990s—some caused by the recession, some the result of the revenue limitations written into the state constitution by Proposition 13 and the series of other tax-cutting measures that followed in its wake—Governor Pete Wilson and the state legislature, then controlled by Democrats, made a deal in 1991 sharply curtailing public services and increasing taxes where they could. Those tax increases fell in roughly equal proportions on all economic brackets. Chief among them was the addition of two new upper-income brackets to the

state income tax; the suspension of the renters’ tax credit, which had gone largely to low- and moderate-income taxpayers who got no mortgage-interest deduction; an increase of 1.25 cents on the dollar in the sales tax plus a hefty increase in motor vehicle license fees, both

paid disproportionately by moderate-income earners; and extension of sales taxes to such things as bunker fuel (for ships) and aircraft jet fuel.

But last year, after the recession ended, Wilson and the legislature repealed or allowed to lapse those taxes that had hit primarily upper-income taxpayers; it left in place those taxes that primarily hit poor and low-income families. Thus the renters’ tax credit suspension was extended again

While the California comeback may arise from those “future high growth sectors,” the recovery has economic and social characteristics that foreshadow a considerably more uncertain future.

and seems on the verge of becoming permanent, effectively raising taxes for low- and middle-income people by some \$500 million a year; the sales tax increase became permanent and the increase in vehicle license fees remained in effect. But the state allowed the upper-income tax brackets to sunset, repealed the sales tax extensions on jet and bunker fuel, and reduced a variety of other business taxes. What had been a \$7.3 billion tax increase that fell more or less evenly across economic groups thus became a \$5.6 billion increase that fell almost entirely on poor and middle-income taxpayers—and this all came on top of an additional \$1.6 billion in business tax reductions that California had enacted between 1991 and 1996. Last November, when it appeared that a labor-backed initiative restoring the upper-income tax brackets might have a chance of passing, the leaders of the state Chamber of Commerce, diverting funds from another initiative campaign, dumped more than \$2 million into the drive, ultimately successful, to defeat it.

The tax shift has been further compounded by reductions in public services and higher fees for what remains. Over a three-year period, tuition doubled in what was once a model system of low-cost public higher education. Meanwhile, the state reduced county services in everything from public libraries to child-abuse prevention programs. The public school system, which has been deteriorating for twenty years, still suffers. Even with a new influx of state funding, California is still about fortieth among the states in what it spends per pupil; its facilities and materials—whether measured in leaky roofs and peeling paint or in the number of computers per student—are among the worst in the modern world. Even in highway maintenance and construction, California, once the symbol of the nation's romance with the automobile, is now judged (in the ratings of the U.S. Department of Transportation) to have some of the most deteriorated roads and bridges in the country.

More broadly, just as California's minorities increasingly must depend on those once-exemplary services, the shifts of the past 15 years have engulfed the state in a fee ethic of increasingly privatized services, which dictates that wherever possible (which means everything but public safety, and sometimes even that), it is the immediate beneficiaries of any given public service who should pay the lion's share of it. Why should we pay for *their* schools? Why

should *they* go to college for nothing? California, the home of Hollywood and the paramount symbol of entertainment in America, spends less per capita on public arts programs than South Carolina.

One sector in which the new California *is* the unchallenged national leader is in the development of gated communities. According to Edward Blakely, the dean of the school of planning at the University of Southern California, nearly a million Californians now live in developments behind gates ranging from "elaborate two-story guardhouses manned 24 hours a day to roll-back iron gates to simple electronic arms." Even outside those gates, there aren't many affluent areas in places like Los Angeles or Palm Springs where neighborhood associations haven't hired private patrols: In the upscale West Side neighborhoods of Malibu and Pacific Palisades, the most common lawn sign is that of Westec Security with its large yellow letters warning "ARMED RESPONSE."

To be sure, it's not just Californians who are looking for gates, fences, and armed patrols. Nor is it just the rich. A growing number of middle-class apartment and condo projects in places like the San Fernando Valley have erected road barriers and other security devices to keep strangers out. Sometimes even the poor in subsidized housing ask for gates. But that only reinforces the point. The fence segregates—by race, or class, or simply by aesthetic sensitivity—and declares no confidence in the commonweal. It means that no uninvited people appear on the streets—neither Jehovah's Witnesses passing out tracts nor environmentalists circulating petitions to protect the habitat of the snail darter and the fairy shrimp, to say nothing of homeless people pushing carts between shelter and soup kitchen. No one comes through the gate who is not invited by a resident. Whatever the combination of motives—fear, hope, fantasy—the social implications for community are obvious enough. Blakely, using data provided by the state's Building Industry Association, estimates that nine out of ten new middle- and upper-income housing developments in California are "forting up" as gated communities, many of them with their own police patrol and other privatized community services.

Which brings this truncated story full circle. California, a state of 32 million people that will be less than half white shortly after the turn of the century, is widely regarded as the test for a nation that

will itself become increasingly Hispanic and Asian. The question is whether in its economic and social ideals, California will evolve as an integrated community, or as a series of increasingly divided economic and social enclaves. Los Angeles Mayor Richard Riordan calls LA "the capital city of the future," but in its essential patterns, the new California slowly begins to look like Singapore, Caracas, or (until the summer of 1997) that model of Milton Friedman's unrestrained free markets, Hong Kong, and ever less like the old California dream. The new California glamour boys and girls—the computer whizzes, the graphic artists, the entrepreneurs and techies, the engineers and lawyers and traders, all fully cell-phoned and modemed, most operating in three time zones, if not in eight or ten—are far more connected to their peers in the high-rises of New York or London than to the minimum-wage barrios and the decayed public services down the street or outside the fence.

In some respects, that was always the case. The optimists contend that in places like Los Angeles or San Jose we may merely be witnessing a replay of New York or Boston in the peak years of immigration and industrialization of the 1880s: Wait 'til those Latinos get a little more economic clout; wait 'til they really start voting. But as one looks both at the economic data and at the landscape, never, at least since the Depression, have the gaps between classes seemed as great in America as they are in the new California. Even as Pete Wilson was celebrating the state's powerful economic resurgence this spring, he was demanding more business tax cuts.

This spring, the state's Industrial Welfare Commission, dominated by Wilson appointees flying the flag of global competitiveness and work-hour flexibility (though only at the option of the employer), voted to abolish the state's requirement that employers pay overtime to workers who put in more than eight hours in any given day. Henceforth, if the courts do not overrule the commission, there will be no overtime until a worker has done his or her forty weekly hours. California was one of the few states to have such a requirement, which was first established in the Progressive Era. In that respect, it might be said that the abolition of the rule only moved the state toward the rest of the country. But it also moved California another step closer to that two-tier global economy toward which the Golden State is so resolutely marching. □

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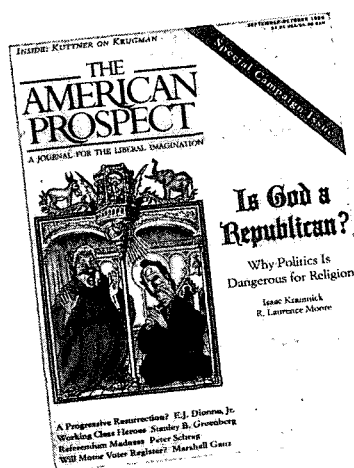


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THE REAL CHINA QUESTION

BY GREG MASTEL

Links between Chinese officials and U.S. political campaigns—coupled with renewed concern about human rights abuses by the Chinese government—have put China policy center stage. But while public officials and many commentators here have focused their attention mostly on the contentious issue of whether to renew China's most-favored-nation trading status, the more important question is whether China should be admitted into the World Trade Organization (WTO)—and whether formerly communist states such as Russia should be next.

Created in 1994 as a more potent successor to the General Agreement on Tariffs and Trade (GATT), the WTO is the Geneva-based organization that sets and enforces the rules for world trade among developed nations. By agreeing to abide by WTO rulings, countries forfeit some control of their trade policy to gain access to foreign markets.

Although controversial at its founding—in part because American critics alleged it would compromise U.S. sovereignty and environmental laws—so far the organization has performed respectably, if not admirably. The organization's settlements of disputes between members have been well received, and recently it concluded two new agreements on information technology and telecommunications services and equipment.

Yet with several formerly communist (and some still communist) nations applying for WTO membership, the organization is at a difficult crossroads. The growing economic power of these nations makes them difficult to ignore. But their repeated refusal to play by many WTO rules suggests that they would exploit the economic benefits of membership without abiding by the rules that are the very premise for the WTO's existence.

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China, which is pushing hard for WTO admission, is by far the most important and dangerous of these candidates. In the months to come, the WTO will make a decision on whether to admit China—based in large part on the disposition of the United States—and that decision will set the standard for future applications from nations like Russia and Vietnam. Some argue the United States should block Chinese membership altogether; others, including the Clinton administration, argue that such a move would be either futile or disastrous. China's disdain for civil liberties on the mainland, and perhaps now in Hong Kong, and the fact that conservative Republicans along with many liberal Democrats are skeptical, combine to widen the odds against China's WTO membership this year. However, supporters of China's accession to the WTO argue, with some logic, that the world community will have more leverage on China's domestic behavior with China in the WTO rather than out.

Both arguments have some merit. The best policy, as I will argue, may be a middle course: allowing the Chinese to join gradually. This could mean creating more than one tier of membership, and forcing them—as we did for other formerly communist nations entering GATT many years ago—to meet hard numerical targets for trade balances in order to gain admission.

It was perhaps inevitable that the status of communist and formerly communist nations would pose such a challenge for the global trading system. The WTO's predecessor, the General Agreement on Tariffs and Trade, was a postwar invention designed to unite free market nations and, in part, to thwart communism. Initially GATT included only the world's major trading powers, but it grew in the intervening years to its current membership of well more than 100. Nations with nonmarket economies were not a problem, because they were outside the GATT system.

Unfortunately, this also meant that GATT was ill equipped to manage the post-Cold War world—an era in which foreign threats were often of an economic, not a military, nature, and in which potential adversaries included vibrant democracies as well as totalitarian states. Beginning in the 1970s,

Japan and several other GATT nations used their positions to create one-sided trade relationships with wealthy consumer nations such as the United States. Although these countries had market-based

economies, they built globally dominant industries by subsidizing these operations, selling their wares abroad, and then closing off their domestic markets to outsiders. GATT, burdened with an extraordinarily ineffective dispute settlement system and rules that were perennially one step behind the latest generation of trade barriers,

simply could not curb the mercantilist ambitions of Japan and like-minded emerging powers.

Conceived as a solution to this challenge, the WTO has a stronger dispute settlement system and better rules to enforce. It has taken additional steps to ensure that those countries that benefited from free trade also opened their markets. A key early test will be whether the WTO proves itself an effective policeman of Japanese protectionism in the current dispute over imported photographic film.

But it remains to be seen whether the WTO can deal with the next challenge: incorporating communist and formerly communist states into the global economy. About two dozen such countries, including China and Russia, want to join WTO, and the potential admission of these nonmarket economies into the ultimate market-oriented, rule-based organization, raises serious questions.

The unstated assumption in the West is that former communists have abandoned nonmarket economics, but the demise of communism as an economic philosophy has been exaggerated. China, in addition to maintaining highly protectionist policies, maintains numerous features of the communist system, such as government economic planning, government ownership of industries, and widespread subsidies. Russia seems to have come further in implementing political reforms, but a surprising amount of the communist economic machinery remains in place and the Russian government is still deeply involved in owning and managing the economy. Worse yet, Russia shows strong signs of becoming increasingly protectionist and suspicious of foreign companies.

Does China belong
in a trade organization
designed for market
economies?

The lack of a reliable rule of law in former non-market economies may pose an even more serious problem for the WTO. In Russia, corruption and crime seem the rule, not the exception [for more on the chaos in Russia, see Stephen Holmes, "What Russia Teaches Us Now," page 30]. Many Western businesses that have attempted to operate in Russia complain of contracts being ignored by the government, which is now renationalizing industry in concert with adoption of more protectionist policies.

China is no better. As the head of China's National People's Congress, Qiao Shi, has argued, China is a society ruled by strong men, not by laws. Laws and contracts can be swept aside if China's rulers wish to do so. China's lack of respect for rules is also a problem at the international level. In recent years, the United States has concluded a number of important trade agreements with China on such topics as protection of intellectual property and market access. Unfortunately, these agreements have had only a limited impact on China's behavior.

For four years the Chinese essentially ignored an intellectual property agreement designed to outlaw the widespread pirating of U.S.-produced software and entertainment, which was costing U.S.-based firms billions of dollars. Even when the United States threatened trade sanctions, China only grudgingly made an effort to enforce the agreement. The Clinton administration now believes that China is doing a better job enforcing the intellectual property agreement, but U.S. industries still complain of enormous enforcement lapses. There is also good reason to believe China has violated trade agreements with the United States on textile shipments, prison labor, and market access.

The case against admitting these nations into the WTO—beginning with China—might thus seem compelling. But thanks in part to heavy lobbying by both the Chinese government and multinational firms with interests there, China's bid has received an enthusiastic

response from the Clinton administration as well as from Japan and Europe.

In fairness, the issue is a complicated one. On the one hand, if China and Russia are on the outside, can the WTO truly be a *world* trade organization? Chinese officials are fond of arguing that they may soon be able to write the world trading rules themselves. These statements are of course exaggerated, but in fact the reforming nonmarket world now has a \$5 trillion economy, larger than that of Japan. Especially as China moves toward becoming the world's largest economy and one of the most successful trading countries in the world, if the WTO does not cover China and other major former nonmarket economies, the WTO could lose credibility.

On the other hand, throwing the doors open to former nonmarket economies could also compromise the WTO's credibility. The WTO could, for instance, admit China, Russia, and other nonmarket economies by granting them broad waivers and long phase-ins to key provisions such as rules on subsidies, investment, and protection of intellectual property. Yet this would effectively make these countries free riders on the trading system; they would enjoy the full benefits of WTO membership without shouldering the responsibilities. No doubt other WTO members would ask for similar arrangements—why should China get special treatment?—and that could cripple the organization, or maybe bring it down altogether.

True, other WTO nations might sit still for special allowances if the time frame for compliance were short enough, but it's not clear that China and the other countries would even meet such requirements. Some WTO provisions, such as the restrictions on subsidies to state enterprises, would require a wholesale restructuring of the economies of China, Russia, and similar countries—changes these countries would be unlikely to make even if they agreed to them in principle. As the experience with the intellectual property agreement with China demonstrated, having an agreement on paper is no guarantee that Chinese behavior will change. The same can be said for other reforming nonmarket economies.

China, Russia, and other past nonmarket

Chinese officials
may not abide by
trade accords.
Russian officials may
be powerless to
enforce them.

economies often do not govern through publicly available rules and regulations; informal actions by ministries to exclude foreign products and to make life difficult for foreign companies are more common. These informal actions leave no paper trail and may be next to impossible to prove before a WTO dispute settlement panel. This makes it unlikely that even a strong agreement could or would be vigorously enforced.

Meanwhile, by admitting nonmarket nations into the WTO, the U.S. and other member nations would greatly limit their ability to impose unilateral sanctions—the one method that has produced any results. So long as China is outside the WTO, the United States has some leverage; the modest progress that was made on intellectual property and market access was made only under the threat of U.S. trade sanctions. (These sanctions have proved ineffective in moving China to improve treatment of dissidents, but that is because the Chinese leadership fears that concessions on this issue would threaten their hold on power. That is not true, however, for sanction threats over trade matters.) Like most other countries, the Chinese leadership treats economic sanctions as bottom-line business negotiations; thus it has sought accommodation instead of conflict. As noted, the agreements reached have not been terribly effective, but that is at least partially the result of inconsistent U.S. attention to these issues.

If China were a WTO member, the U.S. could not make such threats—at least not in a timely way. As the United States found in the dispute with Japan over access to the Japanese auto market, trade sanctions against WTO members only work *after* a WTO dispute settlement panel has ruled in favor of the United States. If the United States were to impose trade sanctions without WTO approval, it would almost certainly face an adverse WTO ruling for raising new trade barriers and probable sanctions. Thus, there is a real cost in terms of lost negotiating leverage to letting China or other former nonmarket economies into the WTO.

Would sanctions against China work? But even

if the WTO supported the United States in disputes with China, there would still be serious enforcement problems. If a dispute settlement panel obligated China to fully implement the subsidy and investment provisions of the WTO, there are good reasons to think the current generation of leaders would not be willing to risk the potential political disruption of forcing state-owned enterprises to operate without subsidies because that would require enormous layoffs. The United States and like-minded countries could continue to threaten China with trade sanctions, but it is unclear that trade sanctions alone would be enough to move China on matters of great political gravity, particularly because, at least in serious disputes, China would likely respond with counter sanctions.

Since China has demonstrated little respect for the rule of law, this scenario is all too realistic. Further, it is entirely possible that if China lost a

series of disputes it would charge that the WTO was rigged against it and threaten to pull out. Given the strange logic of diplomacy, such a threat would surely give the U.S., the WTO, and others pause. In a strange turn of events, many would likely argue against forcing China to heed the WTO for fear that China would withdraw from the organization, creating tensions on

The choice thus appears to be risking the survival of the trading system by leaving these countries outside the system or risking the survival of the system to bring them in.

other fronts. Here again, the credibility of the WTO as a trade policeman and support for the system, at least in the United States, would decline, dealing a potentially serious blow to the world trading system.

The choice thus appears to be between risking the survival of the trading system by leaving these countries outside the system or risking the survival of the system by trying to bring them in. But perhaps there is a third way. It may be possible to bring nonmarket economies into the trading system without treating

them just like market economies. In the late 1960s and 1970s, the United States spearheaded an effort to bring some nonmarket economies, notably Poland and Romania, into the GATT system. At the time, many countries objected, arguing—rightly—that former communist economies were not compatible with the market-based trading system.

The final compromise incorporated the formerly communist countries into the trading system by making unique entry requirements that included numerical targets for growth in imports from GATT members and special trade restrictions (such as quotas on specific commodities) that could be imposed if exports from these nonmarket countries undermined Western markets. Today's trade negotiators could essentially adopt the same strategy by admitting China and the other applicants with four special caveats:

- To ensure that other WTO members gained trade benefits and were not restricted by government planning or other distortions, former, non-market members would be required to increase imports from WTO members by a fixed percentage. Since state planning machinery continues to operate in most of these countries, such a task should be achievable.
- Given the widespread presence of subsidies and government-inspired predatory pricing, other WTO members should be able to restrict onetime nonmarket country exports if they undermined Western markets.
- To assist in enforcing the pact, current WTO members should be able to withdraw from the pact with reforming nonmarket economies if they felt nonmarket economies were not obeying its terms.
- If the former nonmarket economies could prove that they had become market economies and were obeying WTO rules, they should be graduated to normal WTO member status.

This approach would likely require hard negoti-

ation. And because it involves numerical targets for exports—that is, “managed trade”—it will offend many economists who believe tinkering with the free market is inherently counterproductive. Some nonmarket economies may also criticize this

approach to making them second-class citizens in the world trading system.

This approach, however, has already proved workable in connection with Poland and Romania; it has the unique advantage of turning the state planning machinery now impeding trade liberalization into a tool that opens markets and encourages trade liberalization. It also makes it politically possible to extend these mixed economies more time to make the difficult economic transition

to the free market by creating a balance between reduced responsibilities and reduced benefits. This balance could allow a longer transition without undermining the political consensus that holds the WTO together.

If American foreign policy has a consistent weakness, it is that America seems to view the world as a giant house of mirrors. Everywhere it looks, America sees reflections of itself. They may be a little taller or a little shorter, a little fatter or a little thinner, but fundamentally other countries are just like us. Just below the surface, every country is a budding Jeffersonian democracy with a free market economy.

Unfortunately, the world is not so simple. Owing to its distinctive history, culture, political structure, and economic institutions, America is largely unique. More shatteringly, most other countries do not desire to be reflections of the United States; they have their own political and economic philosophies and institutions.

The struggle to bring nonmarket economies into the WTO is but the latest example of this American failing. We are attempting to make the former communist world fit into the market trading system. Pounding hard enough to make them fit risks damaging both American interests and the WTO that the United States worked so long to create. □

Some economists
won't like it, but
“managed trade” may
be the only way to
expand the WTO
without destroying
it in the process.

LAWRENCE MISHEL

Capital's Gain

The income squeeze on the middle class is the big economic story of this decade, but record-setting stock prices and soaring executive pay remind us that not everyone is experiencing a squeeze. The stock market boom and the executive windfalls, in turn, reflect growth in corporate profits. And the contrast between spectacular profit trends and the disappointing wage growth could not be more dramatic.

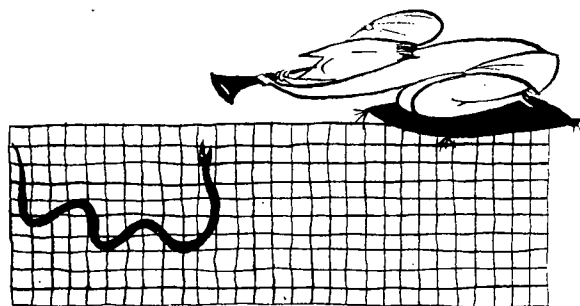
This disparity reopens the rather impolite question of whether we are observing a significant redistribution of income from labor to capital. Most economists have insisted that we are not. But the latest data strongly show that a nontrivial redistribution of what economists call "factor incomes" has indeed taken place in the 1990s, with the foundation having been laid in the 1980s.

The primary evidence of this shift is that the current rate of return to capital—profits and interest income per dollar of assets—is very high by historical standards and is high relative to similar returns in other advanced countries. If profit rates in the 1980s and 1990s had achieved only their long-term historic norm, then hourly worker compensation would be 3.6 percent

higher than it is. A comparable estimate can be obtained by examining changes in capital's share of income. A 3.6 percent wage loss might not sound like much, until you realize that the entire growth in hourly compensation over the 1989-96 period has been just 2.8 percent. In other words, had this shift in income from labor to capital not occurred, recent wage growth would have been more than double its actual rate.

Yet many analysts continue to blandly insist that no such trend is taking place. For instance, in a review of William Greider's new book, *One World: Ready or Not*, MIT economist Paul Krugman claims that the book

evidently involved an immense amount of hard work, yet over and over again gets easy things—facts that could have been checked in a few minutes in any good library—utterly wrong. At one point, for example, Greider makes the astonishing assertion that international comparisons of labor's share of the returns from production are difficult, and then quotes some misleading data that seem to show a massive redistribution from labor to capital in the United



States and other advanced countries. I say astonishing, both because such information is very easy to find, and because anyone even slightly familiar with U.S. data knows that the share of wages and benefits in national income has been remarkably steady (at about 73 percent) for the past generation.

But Krugman should have persisted in that library. If labor's share of national income is the yardstick, as Krugman suggests, then it rose from 68.5 percent in 1959 (the earliest available data) to 73.2 percent in 1979 and has been relatively stable thereafter (at 72.9 percent in 1994) according to the Commerce Department's Bureau of Economic Analysis. However, documents in our library from the Organization for Economic Cooperation and Development (OECD) show that, among the advanced countries as a whole, labor's share of income (in the business sector) has fallen from 68 percent in the 1970s to 65.1 percent in 1995. In the European Union, labor's share fell

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from 69.2 percent in the 1970s to just 62 percent in 1995.

There is an even stronger case that labor's share of income changed dramatically if one focuses on the manufacturing sector, which bears the most impact of trade and globalization. According to the Bureau of Labor Statistics (in unpublished data not found in a library—you have to call), labor's share of income in the manufacturing sector fell from 74.8 percent to 70.6 percent over the 1979-89 period, reversing the rise in labor's share that occurred over the 1950s, 1960s, and 1970s. Oxford University professor Andrew Glyn's research shows a similar decline in labor's share in manufacturing income over the 1980s in Europe and in the advanced countries as a whole (down from 73.4 percent to 67.3 percent). So Greider is definitely on to something.

What Krugman glibly dismisses, others at MIT see as a subject worth investigating. For instance, Krugman's colleague Olivier Blanchard delivered a paper at the January 1997 meeting of the American Economic Association that used OECD data and concluded that it is a "basic fact" that profit shares and profit rates in advanced countries have increased substantially in the last 10 to 15 years:

We know that real interest rates on bonds have increased substantially since the 1970s. . . . It is generally believed that weaker unions, together with higher unemployment in most OECD countries, may have

led workers to accept lower wages. Thus, a higher cost of capital [that is, high real interest rates] and a lower cost of labor can plausibly explain a shift of firms away from capital and towards labor, and thus an increase in the profit rate.

Blanchard's preliminary conclusion is that low inflation is causing higher profit rates, which, in turn, are shifting income shares from labor to capital.

Another of Krugman's MIT colleagues, James Poterba, organized the January 1997 session at the American Economic Association meeting and gave a paper of his own, "Recent Trends in Corporate Profitability." The purpose of the paper is to explain why "the mid-1990s have been marked by higher corporate profitability than any period in the last twenty-five years." Poterba's "very preliminary" results are that current high rates of profit reflect more than a cyclical recovery and may, therefore, be expected to persist. He also attributes a fall in capital per worker as the major explanation for higher profit rates.

Moreover, trends in national income do not fully capture shifting income shares. One measurement problem is how to count the growth of government over time. Since our national statisticians assign no profit to the capital employed in government, the public sector is deemed to generate only labor income. Labor's share of national income, therefore, automatically expands as government expands. This factor helps explain the rise in labor's share over the 1959-79 period and should make curious

minds wonder why labor's share did not rise further after 1979. After all, the growth in the government/nonprofit sector was from 18.3 percent of national income in 1979 to 19.4 in 1989 and 19.7 percent in 1995, which, all things being equal, would have expanded labor's share of national income by nearly 1.4 percentage points. Another problem is accurately determining the capital and labor shares among "sole proprietors and partnerships."

One can avoid such technical problems by examining trends in the corporate private sector. Using information readily available in the National Income and Product Accounts, one finds that labor's share of corporate-sector income rose from 79.2 percent in 1959 to 83.9 percent in 1979 and then declined to 82.4 percent in 1989 and to 81.6 percent in 1995. The latest data show a drop in labor's share to 81 percent in 1996. As noted earlier, this shift in income is equivalent to a 3.6 percent reduction in hourly compensation.

An examination of labor and capital income shares, however, does not tell the whole story of income distribution. For example, several trends suggest that, "other things equal," capital's share might have been expected to decline and labor's share to rise. One such trend is a rapid growth in education levels and "labor quality" that ought to raise labor's share. Another is the rapid decline in the capital-output ratio since the early 1980s. That is, the capital stock has not grown as quickly as total economic output, which would suggest that capital's shares, if anything, should fall.

PROFITABILITY FOR WHAT?

My colleague Dean Baker has computed a historical series on the return to capital using a methodology employed by Martin Feldstein and Lawrence Summers in an article 20 years ago. There has been a rapid growth in the return to capital, before and after taxes, starting in the late 1980s and continuing steadily through 1995. Before-tax capital income has grown to its highest levels since the mid-1960s, while the after-tax return on capital is as high or higher than in any year since 1959 (the earliest year for which a measure is available). Poterba's measurements are similar and show the same trends. This growth in the return to capital has allowed capital's share of income to rise despite the decline in the capital-output ratio.

This large increase in profitability does not correspond to the growth of productivity in the economy. Productivity has grown at about 1 percent each year in the 1980s and 1990s, a pace no better than that attained in the stagflation era of the 1970s. [See Jeff Madrick, "Spin Cycle," *TAP*, March-April 1997.] This suggests that the higher profitability of the 1990s is not the payoff for enhanced private-sector efficiency. Rather, higher profitability in the current context implies a larger flow of income to owners of capital out of the same steady stream of income (productivity) that the economy has been generating for several decades.

In short, this growth in profits in the 1990s mainly reflects business success in restraining wage growth. If the return to capital in

1994 and 1995 (10.66 percent) had been instead at the average of the cyclical peaks during the 1959-79 period (8.37 percent), then average hourly compensation would have been 3.6 percent higher. This loss of wages from the shift of income to capital is comparable in size to the lost wages of the typical worker due to factors such as the shift to services, globalization, deunionization, or any of the other prominent causes of growing wage inequality.

Consider another yardstick: The Congressional Budget Office estimates that the gain from balancing the budget in seven years will be a 0.5 percent increase in hourly compensation in the seventh year. Thus, reversing the recent redistribution of income from labor to capital would yield benefits to workers that are seven times as great as the expected gain from balancing the budget.

ISN'T EVERYONE A STOCKHOLDER?

Some argue, however, that higher profitability has no distributional consequences. *Newsweek* columnist Robert J. Samuelson wrote last year that

[American capitalism] increasingly focuses on maximizing profits. But this may not pre-
sage a new class war, because the clamor for higher profits often comes from managers of pension funds and mutual funds, whose constituents are mainly middle-class.

This sentiment has been voiced repeatedly in the business press, suggesting that what workers are not getting in their paychecks they are getting in their

pension plans. There is a surface plausibility to this argument, since the use of 401 (k) plans has clearly widened the extent of stockholding. The Federal Reserve Board, for instance, recently reported that 41.1 percent of all families in 1995 held some stock, either directly (stocks) or indirectly (mutual funds or retirement accounts), up from only 31.7 percent of families in 1989. As impressive as this trend is, it also proves that roughly 60 percent of families held no stock whatsoever. Therefore, it is improbable that most workers who are experiencing real wage reductions are somehow reaping their reward in their stock portfolio.

Of course, owners of a small amount of stock do not make much money from a stock boom. According to James Poterba and Andrew Samwick (of Dartmouth), although 36.8 percent of families held some stock, directly or indirectly in 1992, only 28.9 percent of families owned more than \$2,000 worth of stock. Stock ownership is highly skewed: Half of all stock held by U.S. families is owned by the best-off 5 percent. In contrast, the bottom three-fourths of households own less than 20 percent of all stock, with the bottom half owning less than 5 percent. I wonder whom Samuelson considers "middle class."

There may be millions of people who own stock, but the gains from higher profitability and the stock market boom primarily benefit the best-off families and not the typical working family. Ordinary people still depend mainly on salaries and wages, and capital income has soared at the expense of their livelihood.□

SCOTT STOSSEL

The Sexual Counterrevolution

During the 1984 primary season, Ronald Reagan worried publicly that Americans were having too much sex. Promiscuity, he lamented, had become "acceptable, even stylish." The very word "promiscuity," with its reproachful moral overtones, had been replaced by the more accepting term "sexually active." What had once been "a sacred expression of love," had become "casual and cheap." The country's moral fabric was fraying dangerously. Who had set us on this road to Sodom? Liberals.

Accusations like Reagan's do not necessarily presume that liberals are friskier than other people—believe it or not, one study actually found that the very conservatives are 10 percent more likely than the very liberal to be conducting extramarital affairs and three times more likely than the very liberal and the moderate

to find sadomasochism an acceptable practice. Rather, Reagan's comments represent a typical version of the traditional conservative's interpretation of the "sexual revolution": It was part of the sinful sixties-seventies counterculture; it was a weakening of morals caused by trends and policies, such as wider availability of contraceptives and broader acceptance of premarital sex, that liberals advocated; and it was bad.

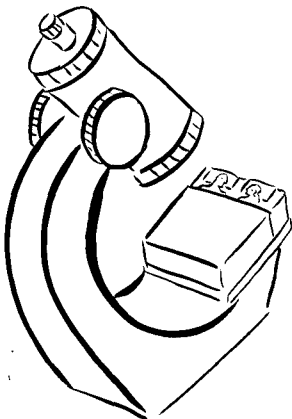
The sexual revolution is clearly one of those ideological battlegrounds—like the conflicts over college curricula, abortion, and "the sixties"—where liberals and conservatives clash over culture, politics, and religion simultaneously. Many liberals would insist—rightly—that the sexual revolution helped bring about changes for the better: broader rights for gays and women, wider use of contraceptives, acceptance of premarital cohabitation. Many conservatives would insist—also rightly—that the sexual revolution undermined traditional social and religious bonds and that this loosening of mores caused an explosion of sexually transmitted diseases (STDs). Conservatives have used the epidemics of AIDS and other STDs to reenergize their traditional moral arguments against sex outside marriage. Liberals, on the other hand, still champion what they

consider to be the revolution's moral gains; they advocate improving contraceptive availability and sex education to preserve these gains while fighting disease and raising awareness.

Today we live with what many people believe—despite some studies showing sexual activity today to be as promiscuous as, if not more promiscuous than, at the height of the revolution—is a counterrevolution ushered in by AIDS. But is this backlash against the revolution a reality? What is the connection between public morality and public health? And who has more authority to speak on these issues: liberals advocating sex education and public health, or conservatives advocating abstinence and self-discipline?

SEX, SCIENCE, AND HISTORY

On May 10, 1960, the Food and Drug Administration (FDA) announced the approval of a new drug produced by G.D. Searle & Company, called Enovid. Some 21 years later, on June 5, 1981, *Morbidity and Mortality Weekly* reported the appearance of a strange new pneumonia in five otherwise healthy gay men. On neither day were the consequences of these events imaginable to most people. But "the pill" and AIDS serve in the popular imagination as the watershed



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Gabriel Rotello, *Sexual Ecology: AIDS and the Destiny of Gay Men* (Dutton, 1997).

developments that catalyzed and then killed the sexual revolution.

It is not entirely clear, however, that a discrete "sexual revolution" is anything more than a cultural artifact. Although there is clearly a countervailing trend toward more puritanical attitudes in some segments of society, the preponderance of evidence shows that sexual behavior has remained "loose"—and may even be continuing on a loosening trend—in the time of AIDS. Nor, contrary to popular mythology, did the revolution really begin with the birth control pill: The same trends can be traced back to the end of World War I.

By 1918 sex had begun to escape its institutional confinement in marriage and was starting

to become an accepted—or at least acknowledged—part of the culture. During the 1920s, for example, the number of young women engaging in premarital sex jumped sharply, to about 50 percent of the cohort. Economic prosperity after World War II shifted values away from puritanical self-denial and toward a demand for consumer goods; by the 1960s, having lots of sex had become almost a commercial moral imperative. Business began catering to nonmarital sex: A new kind of establishment, the "singles bar," became a standard feature of the urban landscape; convenience stores sold "one-night-stand kits" that came with a toothbrush, condoms,

razors, and, for women, an extra pair of underwear; and the concept that "sex sells" became ever more apparent in the proliferation of sexual scenes and innuendoes in entertainment and advertising.

In the 1950s, less than 25 percent of Americans thought premarital sex was acceptable; by the 1970s, more than 75 percent found it acceptable. Between 1960 and 1980, the marriage rate dropped by about 25 percent; the average age of marriage for both men and women rose steadily; and the number of divorced men and women jumped by 200 percent. All told, according to a study by *Adweek* magazine, single people as a percentage of the total American adult population rose from 28 percent in 1970 to 41 per-

cent in 1993. The sexual revolution was in full swing.

It is significant that most people attribute the rise and decline of the revolution—now consolidated by popular understanding into a finite event—to developments that are not strictly speaking "moral" or "political." The birth control pill was a technological advancement; AIDS was a medical threat. Thus the vaunted loosening and then tightening of sexual mores that bracket the revolution are in some sense more reducible to biology and technology than to changes in religion or politics or morality per se.

This blending of science and morality is not a new phenomenon. In nineteenth-century America, physicians began to take the place of both church and state as the authoritative source of sexual norms. Victorian-era doctors and much of the public understood sex by analogy to the second law of thermodynamics, believing that profligate sex led to mental and physical degeneration. With this in mind, entrepreneurial inventors developed such devices as a genital cage that would ring an alarm when a boy wearing it had an erection, to prevent masturbation. STDs lent scientific urgency to calls for stricter sexual morality: In the 1890s, conservatives were quick to label a burgeoning syphilis epidemic divine retribution for an era in which the rules governing sexual behavior were losing their force.

A century later, AIDS was—literally, for some on the religious right—a Godsend. "AIDS is God's judgment on a society that

does not live by its rules,” declaimed Reverend Jerry Falwell. For the biblically inclined, this argument had a certain logic to it. After all, we had been warned: The herpes virus, afflicting as many as 30 million people by the early 1980s, had been deemed “the new scarlet letter” in a 1982 *Time* magazine cover story explicitly linking the disease to promiscuity. AIDS led to invigorated calls for monogamy and abstinence by religious leaders and public health officials. Both religious and secular authorities now had a powerful weapon, in the form of a medical threat, with which to bring the sexual revolution to a crashing halt.

Today, science has become so woven into moral discourse about sexuality that it is hidden in plain sight. Ironically, this conflation of scientific and moral rhetoric in discourse about sexual activity owes much to the work of an obscure midwestern entomologist who in the 1940s set out to separate religious and moral shibboleths about sex from actual sexual practices.

NATURAL, NORMAL, AND MORAL

In 1938, Alfred Kinsey, a professor in the zoology department at Indiana University, was known only for being the world’s foremost expert on a small, stinging insect called the North American gall wasp. But that year, when the university inaugurated a new course on marriage and asked Kinsey to give lectures for it, the sexual world shifted on its axis. Kinsey, frustrated at not having enough statistical material for his lectures, began collecting his

own data by surveying students in the marriage class. Finding that data insufficient, he distributed questionnaires to students and the faculty at large. Finally, relying on the help of a legion of colleagues, research assistants, and graduate students, Kinsey began surveying anyone who would consent to be interviewed, ultimately collecting data on 18,000 people. With funds from the National Research Council’s Committee for Research in the Problems of Sex (underwritten by the Rockefeller Foundation), Kinsey stopped teaching and devoted himself full-time to his survey, founding the Institute for Sex Research in 1947.

Sexual Behavior in the Human Male, which became known as the Kinsey report, dropped like an 800-page bomb into American culture in 1948. No one—certainly not Kinsey or his publisher, who brought out a first printing of only 5,000 copies—expected the reaction it elicited. Rocketing to the top of the bestseller list, where it stayed for 27 weeks, the report introduced facts and statistics into America’s dinner table conversations that dramatically altered perception of sexual behavior in America. The statistics shocked and scandalized: 86 percent of men said they had engaged in premarital sex; 50 percent said they had committed adultery before turning 40; 37 percent of men reported at least one episode of homosexual sex; and 17 percent of men who had grown up on farms claimed to have had sex with animals. The Kinsey report blew the lid off the container in which sexual experience had been sealed. Sexual activity previously labeled “deviant” or “immoral”

seemed rampant among the very people who outwardly condemned it.

One of Kinsey’s explicit goals in publishing the report was to export discussion of sexual practices from the realm of morality to that of science. In a scientific context, whatever the surveys found was “natural” and whatever was “natural” was “normal” and whatever was “normal” was morally okay. In other words, he sought to demolish “normal” as a meaningful category of sexual behavior.

Whatever the moral interpretation . . . there is no scientific reason for considering particular types of sexual activity as intrinsically, in their biological origins, normal or abnormal. . . . Present-day legal determination of sexual acts which are acceptable, or “natural,” and those which are “contrary to nature” are not based on data obtained from biologists, nor from nature herself.

Because previous study of sexual behavior had been little more than “a rationalization of the mores masquerading under the guise of objective science,” the report aimed, in the words of its authors, to accumulate “scientific fact divorced from questions of moral value and social custom.”

But despite its claims to separate sex from morality by inoculating it with science, what the Kinsey group managed to do was pretty much the opposite—to reify science as morality. Sex, one of the areas of life most laden with taboos, myths, and rules in every society, had historically been governed by traditional cul-

tural authorities—religion, folklore, literature, law. The Kinsey report solidified science's role as the new, preeminent cultural authority. And Kinsey's version of the Word of Science was that, sexually speaking, anything goes. Whatever he found in his survey—and he found great quantities of adultery, homosexual sex, oral sex, prostitution, bondage, and bestiality—was by definition acceptable. Our moral values needed to be brought more scientifically in line with our sexual practices—and the sexual goal of society, the Kinsey report



It is not entirely clear that a discrete "sexual revolution" is anything more than a cultural artifact.

implied, was to maximize the number of orgasms per week. The sexual revolution, though it owed much to interpretations (and misinterpretations) of Sigmund Freud and Wilhelm Reich, found its intellectual underpinnings here.

Kinsey's methodology was badly flawed. Many of his respondents were simply the most eager volunteers; his statistical sample, while large, was hardly representative of the larger population. Thus the numbers he published in his reports were very likely grossly inflated. But this hardly mattered. Conservative critics attacked him on their

terms, not his. It was not the specific quantities of "immoral" sexual activity reported by Kinsey that riled them; rather it was the report's attempt to use an implicitly moralizing social science to justify an anything-goes sexual ethos. "It is impossible to estimate the damage this book will do to the already deteriorating morals of America," declared the evangelist Billy Graham when

the Kinsey report's companion volume, *Sexual Behavior in the American Female*, came out in 1953. Tennessee Congressman Carroll Reece formed a committee to investigate foundation support of "un-American activities," targeting in particular the Rockefeller Foundation's funding of the Kinsey Institute.

From the Kinsey reports onward, this constant tension between permissiveness and restraint, between old cultural authorities and new ones, led to a growing moral bewilderment. What was right? Nobody knew anymore. The sexual revolution and its aftermath caused this tension to intensify. A 1977 *Time* poll found that 61 percent of Americans believed it was harder and harder to tell sexual right from wrong than in the past. And the most striking feature of the 1993 *Janus Report on Sexual Behavior* was the increase in uncertainty between its two polling periods. "For most items . . . the no opinion responses in Phase Two [1988-1992] were two to three times what they had been in Phase One [1983-1985]. We observed significantly less firm

opinion and more irresolution in the second phase sample than in the first." Perhaps the most confusing thing was that "science," deployed by Kinsey to establish what Lionel Trilling called a "democratic pluralism of sexuality," was now, in the age of herpes and AIDS, fused to moral arguments for monogamy and restraint. The Age of Aquarius turned into the Age of Confusion.

AFTER THE MORNING AFTER

Katie Roiphe is nothing if not confused; hence she is well qualified to comment on our postrevolutionary era. As the subtitle of her new book implies, Roiphe's *Last Night in Paradise: Sex and Morals at the Century's End* undertakes to examine the contemporary American social setting in which the moral and social consequences of certain romantic acts have been replaced by technical and medical ones. Fears about committing a sin, about being ostracized, about experiencing shame no longer have resonance for many people, argues Roiphe; what really scares people today are things like having to get an abortion, contracting herpes, or dying of AIDS.

Technical limitations to sexual freedom have begun to take on the character of moral strictures. AIDS especially—the scourge in particular of drug takers and male homosexuals—has become swollen with moral force, as social and moral understandings of what's acceptable sexual behavior have been collapsed into medical ones. America, Roiphe writes, "embraced the AIDS epidemic—not the terrible disease itself, but, in its abstract form, the

idea of sexual peril" because it was "an actual crisis to give form and meaning to our free-floating doubts about sexual freedom."

The 1993 publication of her first book, *The Morning After: Sex, Fear, and Feminism*, propelled Roiphe, then a 25-year-old graduate student in English literature at Princeton, to minor cultural celebrityhood. In that book Roiphe, prefiguring her arguments about AIDS in *Last Night in Paradise*, argued that the lobby against date rape was symptomatic of a more general anxiety about sex, an unwillingness to accept the idea that sex needn't always have consequences. Her most controversial position was that many instances of what campus fashion had determined was "date rape" were actually just bad sex—she knew, she said, because she'd had plenty of it herself. "The crisis is not a rape crisis," she wrote, "but a crisis in sexual identity."

In the initial flush of media attention, Roiphe was hailed as a new voice in feminism, a welcome corrective to politically correct sexual repressiveness. But in the subsequent caricature that emerged from the negative backlash, Roiphe became a young Camille Paglia, a neoconservative, neofeminist provocateur who made up in glibness and flamboyance what she lacked in logic and accuracy. Katha Pollit's brutal dissection of *The Morning After* in the *New Yorker* in October 1993 pretty well demolished any claim the book had to being a responsible intellectual project.

Unfortunately, no doubt urged on by her agent and publisher, Roiphe has chosen to con-

tinue this project in *Last Night in Paradise*. But this book comes by its intellectual confusion honestly: Roiphe freely admits her ambivalence, which may be the book's greatest strength. Roiphe can't decide whether she'd like still fewer rules or more of them. On balance, Roiphe seems to favor fewer rules, more wildness; beneath her analysis lies an implicit plea for *joie de vivre*, for recklessness, for abandon. Yet her longing for freedom and romance is tempered by a troubled reckoning of the consequences of so much freedom, so much fun. "We have no popularly accepted moral attitude about sexuality that can be passed down from one generation to the next. . . . Without God, without rigid rules of social class, we have no material out of which to form new values."

Despite its serious analytical weaknesses, this is in some ways a sympathetic book. In seizing on our confused attempts to replace "old-fashioned morality" with "some new technical, institutional code" for sexual behavior, Roiphe is definitely onto something. She is right, for example, to point out that our "gentle moral relativism"—which accepts legal abortion, birth control, same-sex marriages, and so on as no big deal—brings out a "vestigial need for strong social codes, for judgment, context, and tradition." And she is still right when she explains further that what most inspires nostalgia for a weakly defined "old-fashioned morality" is an unwillingness to tolerate the ambiguities, complexities, and desires of the individual. Struggling to find a com-

fortable middle ground between a nostalgically embellished "old-fashioned morality" and a similarly glorified sexual freedom, it is unsurprising that many people would feel the need for order, restraint, and rules.

THE GIRLS STRIKE BACK

Or for the Rules. In 1995, Warner Books published one of those advice-for-the-lovelorn pop-psychology books that line the self-help shelves of bookstores. Sales of *The Rules: Time-tested Secrets for Capturing the Heart of Mr. Right*, by Ellen Fein and Sherrie Schneider, chugged along modestly for a few months. Then the authors went on *Oprah*. All of a sudden, the Rules were everywhere. In 1996, the book reached the top spot on the *New York Times* best-seller list. Articles about the Rules started appearing everywhere from *Cosmopolitan* and *Glamour* to the *New Republic* and the *New Yorker*. The authors started offering phone consulting—at \$250 an hour. My copy of the paperback even comes with an application form for a Rules seminar.

The Rules consists of 35 simple precepts such as "Don't Talk to a Man First," "Don't Accept a Saturday Night Date After Wednesday," "Let Him Take the Lead," and "No More than Casual Kissing on the First Date," arranged in rule-per-chapter sequence. "The purpose of the Rules is to make Mr. Right obsessed with you. . . . What we're promising you is 'happily-ever-after.'" The Rules amount, in aggregate, to a recommendation of playing "hard to get"—and to a rolling back of women's

liberation by maybe 40 years. A "Rules Girl," according to Fein and Schneider, doesn't put out. She also never tells a man what to do, always lets him be in control, and doesn't let her children (from a previous marriage) become an intrusive presence in the relationship. "In a relationship, the man must take charge. . . . We are not making this up—biologically, he's the aggressor." No wonder Katie Roiphe is still single.

The Rules no doubt taps eternal fears about spinsterhood, but its commercial success can be largely attributed to a neat intersection with the zeitgeist. The Rules may be inane (they recommend studying the mawkish film *Love Story* like the Bible), but they appeal smartly to an American society that won the sexual revolution—and then realized the spoils of victory were not all they were cracked up to be.

Modern women aren't to talk loudly about wanting to get married. We had grown up dreaming about being the president of the company, not the wife of the president. . . . Still, we had to face it: as much as we loved being powerful in business, for most of us, that just wasn't enough. . . . We didn't want to give up our liberation, but neither did we want to come home to empty apartments. Who said we couldn't have it all?

This weirdly inverts the yearnings of 1950s housewives, for whom family and laundry were not enough. The question is a good, forward-looking one—why can't women have it all?—but

the solution Fein and Schneider provide is retrograde.

Kinsey and the sexual revolution that followed him erased all the rules of romantic relations; the Rules, which the authors describe as "a simple working set of behaviors and reactions," put them back. The authors use a typical combination of pop science, fear mongering, practicality, and moral cajoling to urge sexual restraint. "Never get in a car with a man you meet at a party," they tell us, because "you might end up in his trunk." "Forget all the 'free love' theories from the swinging sixties," they tell us, summarily discarding the sexual revolution. It's not "cool to have an unwanted pregnancy or a disease."

SEXUAL ECOLOGY

The sexual counterrevolution is not limited to pabulum like the Rules. The most vitriolic backlash is reserved for gay men, who were in many ways both the primary catalysts and short-term beneficiaries of the sexual revolution—and who have also suffered far more than anyone else its costs. Gabriel Rotello's *Sexual Ecology: AIDS and the Destiny of Gay Men* argues that it was radical changes in the sexual behavior of homosexual American men that led to a large, sudden increase in the prevalence of STDs among the gay and bisexual population. AIDS, it should be made clear, is not a "gay" disease—outside of the United States, 90 percent of its victims are heterosexual. But the new intensity and variety of sexual activity

What conservatives want is less a curb on sexual excess than a rollback of liberal gains.



among homosexual males during the sexual revolution generated an environment in which diseases previously "held in check" could thrive. The gay New

York bathhouses of the 1970s made possible licentiousness on a positively Roman scale. According to the Centers for Disease Control, the first few hundred gay men with AIDS had an average of 1,100 (!) lifetime sexual partners. Rotello, who is gay, makes the argument that, contrary to what many in the gay political community like to believe, the AIDS epidemic wasn't something that "just happened." The sexual revolution caused it.

Given the facts, this seems an obvious point, and an important one to acknowledge. But whether by ignorance or design, many people—gays and liberals in particular—don't accept it. To do so, they believe, would be playing into the moralist rhetoric of fundamentalist conservatives like Falwell and Pat Buchanan, for whom AIDS is a punishment visited by God upon the sexually deviant. "The poor homosexuals," Buchanan sneers. "They have declared war on Nature, and now Nature is exacting an awful retribution." AIDS confers such a moral stigma because conserva-

tives have—incorrectly—managed to connect AIDS to homosexuality, which they consider intrinsically immoral, rather than to the specific behavior patterns in the sixties and seventies that in the United States made gays the focal point of the epidemic.

Rotello, like Kinsey, tries explicitly to distance himself from any moral claims (“So let me say simply at the outset that what I describe below are biological, not moral, events”) in making his epidemiological arguments advocating sexual restraint and safe sex. But Rotello’s book effectively—if unintentionally—illustrates that science, pragmatism, and morality are clearly interwoven in ways that resist untangling. Morality and public health are both concerned to protect and enhance the commonweal. But both can also be used to ostracize and deny rights—and they do so most effectively when they are mixed together.

IT’S OVER! NO, IT’S NOT!

The sexual revolution is such a contentious topic that even ostensibly objective social science gets tinged with the ideological predispositions of researchers. Though the data are now 50 years old, and though most experts believe its findings of sexual activity to be grossly inflated, the Kinsey reports remained the standard source for information about sexual activity until at least 1994. Various academic studies contradicted aspects of Kinsey’s findings, but these studies were of much narrower scope. And broad studies of society that captured some data about sex, such as the General

Social Survey (GSS), found quantities and varieties of sexual activity much lower than what Kinsey found. Would-be exegetes of the sexual revolution and its aftermath were left with a morass of conflicting and outdated information.

In 1993, Cynthia and Samuel Janus tried to rectify this situation, publishing *The Janus Report on Sexual Behavior*, for which they collected data between 1983 and 1992. Their findings only made things more confusing: They were unable to determine whether they were witnessing a backlash against the sexual revolution or a continuation of it. On the one hand the AIDS epidemic had made people claim to be more cautious about sex. On the other hand, they were having more sex with more people—especially among the most at-risk groups. Sixty-two percent of young men and 66 percent of young women reported that their sexual activity increased compared to three years earlier. Serious decline in sexual activity was shown by only 5 percent of the men and 9 percent of the women in the youngest group. Moreover, 24 percent of men and 20 percent of women reported “much more” sexual activity than three years earlier, and 44 percent of men and 41 percent of women reported “more” sexual activity. All told, 73 percent of men and 68 percent of women reported having the same or more sex in 1988-1992 than in 1985-1988.

Confronted with the conflicting data, the Januses weakly hedged their bets. This increase in sexual activity was, they said, the “Second Sexual Revolution.”

“The enormous tensions and backlash generated by these devastating sexually transmitted diseases made the practice of casual sex pause; from this hesitation, and the reaction to it, came the beginning of the Second Sexual Revolution.” In other words, there was the revolution. Then there was the backlash against the revolution. Then there was the backlash against the backlash against the revolution. No wonder everyone is so confused.

The Janus report was based on a statistical sample of only 2,795, and many of the older respondents were found at sex-therapy clinics—so there is good reason to believe that many of their estimations of activity, like Kinsey’s, are greatly overstated. But the following year another study appeared. Billed as the most comprehensive survey since Kinsey’s, the National Health and Social Life Survey (NHSLS), popularly published as *Sex in America: A Definitive Survey*, dropped into American culture in 1994 like the original Kinsey report had nearly a half century earlier. Only while the Kinsey report had titillated and horrified with its previously unimaginable picture of sexual variety in the United States, *Sex in America* did quite the opposite.

What happened to the sexual revolution? *Sex in America* seemed to provide clear evidence that it was dead and gone, swept away by AIDS and a revival of sturdy family values. Some findings from its random sampling of 3,432 subjects: 94 percent of Americans were faithful to their spouses (up from around 60 per-

cent in the Kinsey, Janus, and other surveys); only 33 percent of Americans had sex twice or more per week; the median number of lifetime sex partners for women was two, for men six. One of its more telling findings was that married people had the most sex, single people the next most, and divorced people the least. "The more partners you have," the report's authors wrote, "the more time you are going to spend finding and wooing them—time that a married couple could be having sex." In other words, if you like sex it doesn't pay to be a swinging single. Instead, get married and stay married. Our findings, the authors wrote, "often directly contradict what has become the conventional wisdom about sex. They are counterrevolutionary findings, showing a country . . . that, on the whole, is much less sexually active than we have come to believe."

Some found the study's conclusions dubious and its methodology biased, arguing that the opposition of politicians like Senator Jesse Helms—who in 1987 had blocked congressional funding for the study (and all sex surveys), forcing the researchers to apply for foundation money—had conservatized its results. John Heidenry, for example, writes in *What Wild Ecstasy: The Rise and Fall of the Sexual Revolution* that the *Sex in America* survey was "the logical culmination of the new and improved puritanism of the United States, dressed out in the guise of objective science." This is precisely the opposite of what critics of the Kinsey report had said: that its "objective science" gave moral license to sexu-

ally deviant practices. And while Kinsey had set out to abolish the whole concept of "normal"—or moral—sexuality, the NHSLS authors strove explicitly to preserve moral norms by warning that, "Of course, a survey cannot tell us what is normal, only what is frequent."

While the NHSLS's conclusions about sexual activity were generally much more conservative than the Janus report's, there were places where Janus's findings supported theirs. Though the NHSLS found that most young people did not have large numbers of sexual partners (more than 50 percent of 18- to 24-year-olds had just one partner in 1992), it also found that "the very sexually active people in the population, who are most at risk of being infected with HIV, did not seem to have been slowed by fears of AIDS." For example, 8.7 percent of people ages 25 to 29 claimed to have had 21 or more partners since age 18; 11.5 percent of 30- to 39-year-olds claimed to have had that many. The authors point out that if fear of AIDS had affected sexual activity, the highly promiscuous proportion of the younger group, who came of age after the explosion of AIDS, ought to have been much lower than it was relative to the older group.

But the most recent sex studies tell a more heartening story. On May 1, 1997, the National Survey of Family Growth, a government survey conducted every five years, released its most recent data, collected during 1995: The data showed that, for the first time since 1970, the percentage

of teenagers having sex had declined. The percentage of girls aged 15 to 19 having sex declined from 55 to 50 between 1990 and 1995 (the number of married teenagers is so small these days, that even if marital sex is excluded, the percentage of girls having sex in 1995 falls by only 2 percent); and 55 percent of teenage boys had sex in 1995, down from 60 percent in 1988. Conservatives, no doubt, will take this as evidence that the sexual counterrevolution is, albeit slowly, taking hold. (And many adults think it should be taking hold faster; a March 1997 survey found that 95 percent of people surveyed believe teens should be completely abstinent.) But while something of a conservative sexual counterrevolution may finally be trickling down to younger Americans, the most encouraging data vindicate liberal sex-education policies: Condom use among young women has risen sharply, from 18 percent in the 1970s to 36 percent in the 1980s to 54 percent in 1995; in 1995, 91 percent of women said they had been taught safe-sex methods of preventing AIDS transmission. If condom use is up while sexual activity is down, then the conservative argument that sex education and contraception availability increase "immoral" and dangerous promiscuity looks less credible.

WHO WON THE SEXUAL REVOLUTION?

"Uninhibited sex," writes the conservative political scientist Harvey Mansfield in *Reassessing the Sixties*, "received a rude shock from the emergence of

AIDS. Perhaps you should listen more carefully to the vague menaces of your mother . . . about what happens to people who do funny things for sex." Well, perhaps that's true—to a point. But then Mansfield continues. "Since the sixties, feminine modesty has reasserted itself, though partly in the guise of feminism. There are now plenty of nice girls . . . but they are confused, apologetic, and unsupported by social norms. What they get for advice is 'safe sex.'"

Mansfield's tone—with his derisive "under the guise of feminism" and his patronizing "nice girls"—gives away the conservative game here. What conservatives like Mansfield want is less a curb on sexual excess than a rolling back of the political gains that women (and gays) have won under the auspices of the sexual revolution. It is difficult, of course, to tie victories in the political and social realms directly to victories in the sexual realm—maybe a right to sexual assertiveness is directly linked to a right to political assertiveness and maybe it isn't. But at the very least the sexual revolution for women was bound up in the larger revolutionary changes of the period that led to an improvement in their social status. You can't have the one without the other. Conservatives like Mansfield and Falwell would like to erase both.

Mansfield's strategy for achieving this erasure is typical. In fact, it's roughly what *The Rules* does. First, point out that sexual liberation had a tangible, "science"-based cost: AIDS and other STDs. Next, cast the net more widely so that if sexual lib-

eration was associated with women's liberation, for example, and sexual liberation caused AIDS, then women's liberation caused AIDS. All forms of liberation and political change connected to the sixties and seventies get implicated in this way. Women's rights, gay rights, a woman's right to choose, and the freedom to do what you like in the privacy of your own bedroom all get thrown out the window with the bathwater.

In 1885, the prestigious British scientific journal the *Lancet* published an article arguing that the best method for protecting the young against STDs was the "cultivation of purity"—was "purity" a scientific concept or a moral one? The ambiguous rhetoric of "purity," neither clearly scientific nor clearly moral, is what for so many years has enabled traditional conservatives to extract from biology and epidemiology moral messages that are broader than the science merits.

The sexual revolution eliminated some hypocrisy. Those who trace the ruination of society to the breakdown of sexual morality forget that the old sexual morality was honored in the breach as often as not. Sure, in 1960 colleges had curfews and sexually segregated dorms. But remember that even then—no matter if Kinsey significantly overstated things—when the curfew bell rang, the campus shrubbery would quiver as young men and women emerged frantically pulling up their pants and smoothing down their dresses, ready to run back to their single-sex dorms. Failing to acknowledge this, the anti-fornication crusaders are either dishonest

(Jimmy Swaggart, Jim Bakker) or totally lacking in self-awareness (Robert Bork). In *Slouching Towards Gomorrah: Modern Liberalism and American Decline*, Bork writes:

One evening at a hotel in New York I flipped around the television channels. Suddenly there on the public access channel was a voluptuous young woman, naked, her body oiled, writhing on the floor while fondling herself intimately. . . . I watched for some time—riveted by the sociological significance of it all.

The sociological significance? Right. If Bork had been confirmed as a Supreme Court justice, we can guess the Court might have taken a lot more pornography cases for careful review.

The sexual revolution may not, in an important sense, have been worth its costs. Most gay men, the group most galvanized by the sexual revolution, would not say that the considerable political gains and social acceptance they've won over the last few years was worth human losses now numbering in the hundreds of thousands. But they would not want to give up those political gains and social acceptance. The Terror did not nullify all that the French Revolution achieved. Similarly, the ravages of AIDS do not mean that we should now abandon the liberal advances won by the sexual revolution. Less sexually wanton, yes; safer sex, yes; but we should not give in to rhetorical appeals for an oppressive new puritanism.□

JASON ZENGERLE

Back to Boys' School

The waning years of the twentieth century have not been particularly kind to American boys' schools. While it has become axiomatic in some circles that single-sex schools are good for girls and "at-risk" boys, the traditional boys' school seems to have about as much place in today's coed society as a fountain pen in a room full of computer workstations. When the Supreme Court held last summer that the staunchly all-male Virginia Military Academy could not exclude women and still receive public funds, it seemed that the mantra of equal opportunity had finally dealt all-boys schools a deathblow.

But it's not yet time for an obituary: Indeed, boys' schools may be on the verge of a renaissance. Taking a cue from their "sisters," who in the 1970s and 1980s built on the work of feminist educational thinkers and vigorously advocated single-sex education, boys' schools have abandoned their appeals to hoary tradition and advanced a more benign rationale. Following the girls' schools' lead, boys' school advocates have formed an advocacy group, commissioned studies, sponsored polls, held symposiums, and courted opinion makers.

Although most of these advocates are members of an elite group of private boys' school headmasters, the claims they are

WORKS DISCUSSED IN THIS ESSAY

Damon F. Bradley, "On Not Letting Georgette Do It: The Case for Single-Sex Boys Education," *Vincent/Curtis Educational Register* (1995-1996).

Richard A. Hawley, *Papers from the Headmaster: Reflections on a World Fit for Children* (Ericksson, 1996).

Michael Ruhlman, *Boys Themselves: A Return to Single-Sex Education* (Henry Holt, 1996).

making in favor of single-sex education do not apply just to their privileged pupils or to at-risk boys, but to all boys. There is already a new drive, especially among conservatives, to make more public schools all male. California Governor Pete Wilson has advanced a proposal that would allow ten school districts to establish all-male magnet academies. And a recent General Accounting Office report documents the increase of school districts nationwide experimenting with single-sex educational programs.

American boys' schools did not fully develop until the late nineteenth century, when a host of academies set out to emulate Britain's mid-nineteenth-century reform of the great Public

Schools (analogous to American private schools in that they charge tuition and are not state sponsored). England's Rugby School and its headmaster Thomas Arnold, memorably portrayed in Thomas Hughes's *Tom Brown's Schooldays*, initiated the British Public School reform by introducing a new organizational structure called the "house" system and the idea of "muscular Christianity"—an effort to teach virtue with a strong emphasis on competitive athletics. Muscular Christianity struck a chord with American educators hostile to public schools. They founded or revitalized such boarding schools as Groton, Exeter, St. Mark's, and St. Paul's, organizing students by "forms" rather than classes, instituting house systems governed by student prefects, and mandating dress and custom codes akin to those followed by the English aristocracy. Of course, not all affluent parents wanted to send their sons away for their education, and it wasn't long before the "country day" school came into being. Even Cleveland, Ohio, could have its own little Eton.

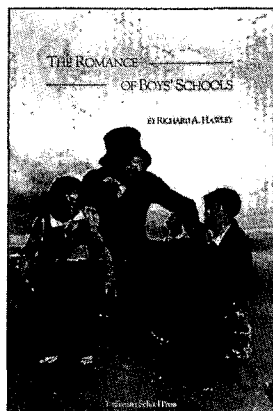
Although boys' schools traditionally served the elite, their appeal extends across class lines. In 1857, when Thomas Hughes wrote *Tom Brown's Schooldays*, the book's

popularity far surpassed the portion of the British population possessing an intimate knowledge of the Rugby School and its brethren. The same can be said for such contemporary American tales of boys' school as *The Catcher in the Rye*, *A Separate Peace*, *Dead Poets Society*, and *Scent of a Woman*. From these cultural representations has grown an attraction even to the appurtenances of the boys' schools.

Are boys in public schools behaving like thugs? Put them in coats and ties and see if they don't magically transform into the sensitive and soulful boys portrayed in *Dead Poets*, sneaking out at night not to rob a convenience store, but to recite Keats in a cave. Clearly, Tom Brown's legacy is still with us.

If Victorian England had Rugby and Thomas Arnold, America has its simulacra in the University School and Richard Hawley. Headmaster of a venerable K-12 independent day school in Huntington Valley, Ohio, that has educated the boys of Cleveland's elite for more than 100 years, Hawley casts a critical eye not only on the state of American education, but also on the culture as a whole. For Hawley, who is president of the International Coalition of Boys' Schools, the fate of the all-male academy is not just an educational issue. By defending it, he thinks he is defending the Western masculine ideal from effacement by the ambiguities of

modernity. Where Carol Gilligan and her pioneering studies on gender and schooling serve as the touchstone for the girls' school movement, the mythopoetry of Robert Bly underlies Hawley's



Are boys in public schools behaving like thugs? Put them in coats and ties.

defense of boys' schools.

According to Hawley, there was a time (roughly from the birth of civilization up until about World War I) when cultural traditions provided "fairly clear conceptions of what a boy should be and do." But today, Hawley says, there is nothing to furnish the requisite lessons in masculinity that facilitate a boy's proper passage into manhood, save, unsurprisingly, for the boys' school. In a boys' school, boys are educated "within a structure designed to realize and to celebrate their distinctive developmental features." "Cross-gender fascination," Hawley writes, "is known to preoccupy boys and girls more than trigonometry and subjunctive verbs and *The Mayor of Casterbridge* do."

A kinder-and-gentler explanation of the value of boys' schools comes from Damon Bradley, an ally of Hawley's and the headmaster of the Landon School—my alma mater—in Bethesda, Maryland. In his writings Bradley

borrowes the arguments in favor of girls' schools, suggesting that in a single-sex environment, "boys are more inclined to reveal their 'softer,' 'feminine,' sensitive sides." Thus in Bradley's portrait, boys' schools today encourage students to take up the arts and community service—pursuits he deems more "feminine" than "masculine"—because they are reared in a setting that teaches them that being a man includes exhibiting the "softer, more 'feminine' virtues of thoughtfulness, empathy, and sensitivity."

But hard evidence on boys' schools is not plentiful. *Girls & Boys in School: Together or Separate?*, by Providence College professor Cornelius Riordan, analyzed data on coed and single-sex Catholic schools and concluded that single-sex schooling was most effective for females and African-American and Latino males. In the wake of Riordan's conclusions, educators began to view "at-risk" boys—most frequently conceived of as poor, minority males residing in single-mother homes in inner cities—as prime candidates for boys' schools. It wasn't long before a host of inner-city public schools began putting these theories into practice. Some merely installed a handful of all-boys classrooms, while others, like two public schools in Detroit and Milwaukee, actually created all-boys academies.

Rather than citing hard evidence, most boys' school supporters rely on tender anecdotes, like the long one Michael Ruhlman wrote when he went

back to his alma mater, Hawley's University School, and chronicled his time there in *Boys Themselves: A Return to Single-Sex Education*. The University School Ruhlman portrays is a unique and vibrant place, where unusually gifted and lambent boys "rocket toward the horizon." *Boys Themselves* tracks a handful of these remarkable boys through a year in school. One is a brilliant metal-head, who combines his love of Iron Maiden with a passion for reading the *Odyssey* in the original Greek.

Another is a failing math student but gifted actor, who spends his time in public libraries poring over sheet music from obscure musicals. The teachers Ruhlman depicts exhibit a passion for knowledge and a devotion to their students that would make any school proud. The classroom scenes are like set pieces for a performance troupe acting out the educational ideal: profound give-and-takes between teachers and students, ranging on topics from Plato's cave to the poetry of Yeats. Ruhlman's University School is "a rarefied example of what school might be." At the book's end, the reader wonders, Why couldn't I have gone to a school like that?

The thing is, I did. University School, from what I have gathered from the handful of University School students and teachers I know, is essentially the same as Landon, the school I attended: all-boys, non-boarding, affluent, conservative, and located in a suburb of a major metropolis. Even in their quirks,

the schools are remarkably similar: Both almost always refuse to close on account of snow, turning a treacherous commute into a masculine rite of passage. But the Landon I know bears little resemblance to the University

What single-sex stalwarts have done is craft an entire rationale for boys' schools from one half of the story.

School Ruhlman portrays.

The romantic aspects of boys' school life that Ruhlman chooses to highlight—the eccentric boys, the devoted teachers, the stimulating classes—do indeed exist. I look back at my boys' school experience with many of these same fond memories. Perhaps the boys were free to stand out, the teachers free to care, and the classes free to inspire precisely because there were no girls around to "get in the way of things." But an environment composed only of boys can create a host of other, more unpleasant memories that bowdlerized tales such as Ruhlman's frequently overlook. How do you romanticize the boys who made a competition of their romantic liaisons with girls, going so far as to devise a point system and keep statistics? How do you paint a gauzy picture of the math class in which, whenever the teacher turned his back to write on the board, a student in the front row of seats held up pictures from a hard-core porn magazine for the boys behind him to

admire? And how do you craft a tender anecdote out of the high school yearbook, which featured a club devoted (jokingly, I think) to gay bashing?

In *Boys Themselves*, Ruhlman steers clear of the types of boys or situations where he'd have to face such realities. Even though the University School is presumably like most boys' schools in its overwhelming obsession with athletics, Ruhlman devotes only a few pages to school sports. Ruhlman doesn't take the time to acquaint us with any of the school's

better athletes, who are probably major figures at the school. And what of the more boorish types at Ruhlman's boys' school? Save for an elliptical mention of one of his eccentrics being "easy prey for the jocks," the reader is left to assume that every boy at the school is as sensitive, caring, gifted, intelligent, and generally atypical as the boys Ruhlman chooses to carry his story.

Those who have attended boys' schools know better. What Hawley, Bradley, Ruhlman, and other single-sex stalwarts have done is craft an entire rationale for boys' schools from one half of the story. Boys' schools are not all bad, but my school's pathologies—its insensitivity, its occasional stifling of creativity, its homophobia, its base views of women—were likely the result of its all-boys status. The American boys' school, contrary to its advocates' anecdotes and popular belief, is not a little Eton—nor, except, perhaps, in special circumstances, will it do much to alleviate our educational and societal ills.□

ANN MARKUSEN

How We Lost the Peace Dividend

The United States has a long history of opposing large, standing armies. After every previous war, including Vietnam, we expeditiously dispatched troops, shuttered bases, mothballed or scrapped equipment, and canceled defense contracts. Today, our former Cold War adversary has decomposed into internally riven successor states, each of which has seen its military industrial sector collapse. A reunited Germany has dramatically lowered its spending on the military, as has Britain. Indeed, except for a few fast-growing Asian countries, defense spending is declining worldwide. Meanwhile, polls reveal that while Americans favor strong national security, they worry that we spend too much money on defense—and that we spend it unwisely. In fact, only a minority of Americans polled want to increase spending on military research; 80 percent, however, support more research on health care. So why has the United States failed to demobilize since the Cold War?

Consider that the U.S. today spends more on the military than in the years after Vietnam, when Cold War relations were still frosty. The defense budget is only barely lower than it was before

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Bonn International Center for Conversion, *Conversion Survey 1996: Global Disarmament, Demilitarization and Demobilization* (Oxford University Press, 1996).

Kevin Cassidy and Gregory Bischak, eds., *Real Security: Converting the Defense Economy and Building Peace* (State University of New York Press, 1993).

Jacques Gansler, *Defense Conversion: Transforming the Arsenal of Democracy* (MIT Press, 1995).

Gregory Hooks, *Forging the Military-Industrial Complex: World War II's Battle of the Potomac* (University of Illinois Press, 1991).

William Kaufman and John Steinbruner, *Decisions for Defense: Prospects for a New Order* (Washington, D.C.: The Brookings Institution, 1991).

Murray Weidenbaum, *Small Wars, Big Defense: Paying for the Military after the Cold War* (Oxford University Press, 1992).

the Carter-Reagan Cold War buildup. Real dollar spending in the 1990s is running about 85 percent of the Cold War average. And now, after decades of preserving competition among giant corporations with a few billion in annual contracts apiece, the Pentagon is not only permitting but subsidizing marriages among the largest contractors, creating mammoths like Lockheed Martin, a \$30-billion-a-year company that commands more than 11 percent of the entire procurement budget. Such consolidation will make it more politically difficult to lower defense spending.

But deeper cuts are inevitable. Driven by budgetary impera-

tives, the Pentagon's Quadrennial Review, unveiled in May, recommends cutting defense spending by tens of billions of dollars between 1999 and 2003—an amount, it should be noted, that will likely be far less than the cuts currently planned for Medicare. Debate over the review's recommendations will take place over the coming year; this may be our last chance for sober public scrutiny of what we really need for defense.

In the early 1990s, America was ready for a peace dividend. Taking office in 1993, Bill Clinton envisioned moving talent and technologies from dead-end Cold War projects to civilian

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products and services. Nearly five years later, however, the United States still has no coherent defense conversion policy. The companies and communities that have succeeded in shifting their attention from outdated military products and services to useful civilian ones have done so at their own risk and initiative. We have much less to show from this period than we ought.

COOPERATIVE SECURITY

In *Decisions for Defense: Prospects for a New Order*, the Brookings Institution's William Kaufman and John Steinbruner lucidly analyze America's dramatically altered security environment. New threats, they argue, are confined to small nations far less well equipped than the United States. At most the U.S. might face one or two regional conflicts on the scale of the Persian Gulf War, for which we can rely upon joint actions with our numerous well-armed allies. Such a "cooperative security" strategy would cut about \$100 billion a year from the defense budget, because we would no longer have to prepare for sole prosecution of two Gulf-scale wars nor maintain autarkic production capability. In fact, shortly after the Gulf War, Les Aspin, who then chaired the House Armed Services Committee, wrote a remarkable memo evaluating four "bottom-up" scenarios for downscaling defense, some of them based on the "cooperative security" approach.

But after becoming secretary of defense, Aspin mysteriously embraced a scenario that preserved old weapons systems at

levels not significantly below what they had been during the Cold War; under the scenario Aspin chose, the United States would keep itself prepared to fight two regional wars simultaneously and alone, a prospect considered extremely unlikely and undesirable by most independent analysts. Analysts also noted that Aspin's budgets were inadequate to equip this strategy and predicted that his endorsement of the two-war plan would lead to hawkish charges that U.S. defense strategy was underfunded. This prediction was correct: Last summer, the Republican Congress added \$11 billion (equivalent to the "savings" generated by welfare reform) to the military budget, mainly for funding old Cold War systems like the B-2 bomber and the Seawolf submarine.

Public statements from the armed services defending current force structures and procurement plans argue that the world is a more dangerous place than ever. But when pressed to identify the enemy, the military establishment invokes the specter of rogue states and terrorists—despite the fact that threats from such quarters could not possibly be responded to with Cold War equipment. The Quadrennial Review will force some hard choices. It suggests among other things that troop size be trimmed by at least 100,000; that the F-22 and F-18 programs be cut to make way for a joint strike fighter; and that the extravagant missile defense program be slowed down substantially. But the country would benefit from still further cutbacks and changes: another round of base closings;

the scrapping of plans for an arsenal ship; cuts in pricey aircraft carriers; and curtailing of nuclear weapons research. The problem is that the Americans who would most benefit from investment and public services funded by defense savings are not engaged in the security debate; their interests are diffuse against a powerful entrenched lobby and bureaucracy.

The biggest impediment to conversion is the "Iron Triangle,"* that triumvirate of large defense contractors, the Pentagon, and Congress that has actively resisted even modest conversion initiatives over the last decade. The power of the Iron Triangle is considerable: It is fortified by an ideological climate that repudiates an activist government role in reshaping industrial sectors, even in times of great challenge, and by its immunity from the kind of public scrutiny to which other government institutions are subjected. While there are plenty of detailed analyses of health care and welfare bureaucracies, for example, trenchant economic analyses of the defense industrial nexus largely disappeared after Vietnam, because few social scientists have access to the inner workings of the Pentagon.

The end of the Cold War, however, led to new thinking. The books under review here make seminal contributions on how to downsize the military and transfer freed-up resources to civilian use. But the hard part remains coming up with a politi-

* Gordon Adams, *The Iron Triangle: The Politics of Defense Contracting* (Council on Economic Priorities, 1981).

cal strategy for achieving conversion—and these books fail to provide one. Without both strong demand from nonmilitary quarters and an activist conversion strategy, the United States will not be able to transform its bloated defense system with the speed and efficiency that it did under Harry Truman in the 1940s and after Vietnam in the 1970s.

THE DO-NOTHING STRATEGY

Of the books under review, the most pessimistic and least visionary is Murray Weidenbaum's *Small Wars, Big Defense: Paying for the Military after the Cold War*, published in 1992. Weidenbaum, former chair of Ronald Reagan's Council of Economic Advisors and now director of Washington University's Center for the Study of American Business, makes the best case that can be made for what he calls the "do-nothing" approach—stingy toward defense workers, solicitous toward defense contractors.

Weidenbaum argues that we should simply cut the defense budget and let the market redistribute technology and talent. Relying heavily on the neoclassical economics mantra that the private sector always does it better, Weidenbaum argues that past conversion efforts by government have been failures. After providing a highly selective history of American defense downsizing, Weidenbaum concludes that military contractors are best at making weapons—and that if they can't make lots of weapons, they should simply downsize.

But Weidenbaum's history ignores the dramatic creation of

entirely new high-tech industries out of defense-oriented firms and technologies. Boeing, for example, where Weidenbaum himself used to be a corporate economist, illustrated how a company can beat its swords into plowshares by transforming a military tanker into the highly profitable 707. The computer, semiconductor, and communications industries are filled with firms that originally subsisted largely on defense contracts but that are now fantastically successful in commercial markets. Government acted as both research underwriter and as buyer of first resort for these companies, as they shifted from military to civilian production. Furthermore, Weidenbaum's history ignores such companies as

Why has the
United States failed
to demobilize since
the Cold War?

TRW and Raytheon, in addition to Boeing, that continue to operate successful military and civilian divisions with considerable cross-fertilization.

Though it is more a polemic than a rigorous analysis, Weidenbaum's book actually comes very close to providing an accurate description of what happened in the initial post-Cold War years, when Bush's inner circle of free market economists and political strategists, including Michael Boskin, Richard Darman, and John Sununu, drowned out voic-

es counseling a more activist strategy for shepherding leading-edge military technologies into the civil sector.

Weidenbaum's "school of hard knocks" prescription is unrealistic about the politics of the defense budget. It ignores, for example, the fact that companies, trade unions, and communities will usually come together and mobilize politically to defend local defense companies, in defiance of "the market." Furthermore, the failure to spend small amounts on conversion has led to enormous waste in spending on obsolete programs and deferred further displacement to a later date. In order to achieve defense savings, some transitional support must be offered to those whose livelihoods are to be eliminated—not just out of human concern but because transitional support can be economically efficient, speeding the transfer of talent to commercial sectors. After World War II, the nation weaned itself from defense dependency amounting to 40 percent of gross domestic product to less than 10 percent in a few short years. Without parallel efforts, post-Cold War defense budgets are likely to remain stuck at unwarranted levels.

SPINOFFS AND DUAL USE

In 1992, at any rate, Democrats knew this. President-elect Clinton talked explicitly about larger defense cuts, conversion, investment, and technology policy. But Clinton and his advisors had a credibility problem. To avoid seeming soft on defense, they aimed to supplant the focus on national security with a new emphasis on competitiveness.

They pointed to Japan as America's number one competitor, if not enemy, and expostulated on the need to maintain a technological lead in terms redolent of the arms race. They favored the transfer of Cold War talent into new research, procurement, and infrastructure projects that would restore American economic hegemony while coincidentally equipping the military with better quality and cheaper weaponry.

Beyond Spinoff is the template for the Clinton administration's technology and dual-use strategy. Written by five highly knowledgeable authors from different disciplines, the book articulates the view that in a world of toughening and accelerating economic competition, the U.S. system of innovation is not performing well

enough. During the postwar period, American innovation relied heavily on Department of Defense research and development contracts awarded to science and engineering-intensive private-sector firms, which would in turn generate spinoffs that built new industries and American comparative advantage.

But while spinoffs from defense research did run thick and heavy in the immediate post-World War II period—jet aircraft, computers, semiconductors, and microwave ovens, to list just a few examples—*Beyond Spinoff* contends that this machinery for innovation has become increasingly oversized, lethargic, prohibitively expensive, and irrelevant to today's global competition. What's the solution? *Beyond Spinoff's*

authors suggest that the Pentagon vigorously pursue "dual-use" procurement practices—nurturing firms, technologies, design practices, and products that serve both defense and civilian markets—to scale the "wall of separation" between defense and civilian activity.

But simply encouraging civil-military integration is not enough. Government must continue to make the investments in science and technology that have so clearly cultivated our most successful industries (aerospace, arms, agriculture, computers, and so on). Advanced technologies should be underwritten because they promise to promote the public good by strengthening American industry and exports, translating into profits and jobs. And, the authors boldly argue,

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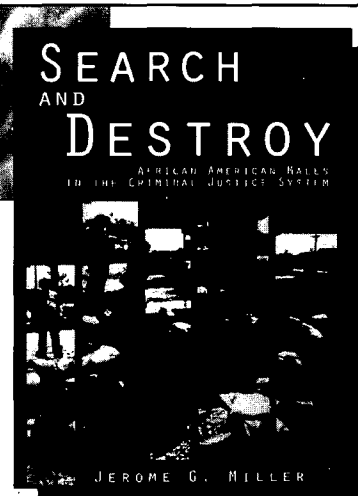
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these programs should be housed outside of the Department of Defense and beyond the fray of politics and pork. There must be competition, public-private cooperation, merit-based selection criteria, and ongoing monitoring of success and failure.

What the Clinton team tried in its first term was remarkably close to the *Beyond Spinoff* prescription. Commitments totaling billions of dollars were made for technology reinvestment project (TRP) grants to teams of firms. Hundreds of millions more were allocated for partnerships between the Department of Energy's national laboratories and industry. These programs were impeccably crafted, but not well marketed politically. They were seriously underfunded and were outclassed by successful contractor assaults on the federal treasury for arms export and firm merger subsidies, amounting to billions of dollars more than what dribbled out for conversion.

Furthermore, neither the authors of *Beyond Spinoff* nor the Clinton administration acknowledged how little their vision offered to large contractors and defense workers. The defense giants have fought erosion of their sheltered markets and inside track on technology development, limiting the effectiveness of dual-use procurement reforms and the success of the TRP. Many in the armed forces also resist dual-use practices: Accustomed to technology-driven solutions to strategic problems, they continue to

put performance above cost and to give priority to long-term personal relationships with contractors (whose marketing departments are top-heavy with former military men). Finally, trade unionists see little for at-risk workers in a Clinton policy that puts long-term technology development before job creation.

MORE BANG FOR THE BUCK

Where *Beyond Spinoff* addresses how to improve American commercial performance, Jacques Gansler asks in *Defense Conversion: Transforming the Arsenal of Democracy* how America can maintain its military strength with a greatly reduced budget. Gansler, a former deputy assistant secretary of defense for material acquisition, and currently vice president of a defense consulting firm, makes an articulate case for breaching

The defense industry's influence over military planning is as strong as ever.

the wall between civilian and military production.

Gansler recommends a "dramatic transformation of the nation's industry into a largely integrated (civil/military) structure." As we move from attrition-based warfare to information-based and remotely controlled techniques, where precisely targeted missiles rather than soldiers win wars, Gansler worries that the current defense

industrial structure will not foster "the constant development and deployment of new breakthrough technologies . . . needed to stay ahead." Instead of buying antique weapons, the nation should scrap the expensive system whereby we maintain separate firms, plants, research labs, and administrative staff for military procurement. *Defense Conversion* provides a comprehensive list of changes in rules and regulations that would make integrating military and civilian work on a firm-by-firm basis more feasible.

Gansler stresses that as long as America protects and cultivates weapons innovation, competition, and privatization, it can maintain its world hegemony while keeping its costs down. But this formula has both logical and political flaws. As military and civil firms become more integrated, the advanced weaponry they develop can "leak" rapidly around the globe. Gansler argues that this problem can be circumvented by investing even more heavily in military R&D, so that the U.S. will be able to stay ahead of its competitors. But in addition to its increased cost, continued arms innovation will entrench cumbersome oversight procedures and thwart dual use, both because secrecy must be maintained and because the esoteric capabilities demanded on the military margin are largely incompatible with commercial success. Under an innovation-intensive security regime, defense contractors will eschew diversifying into civilian industries and bank on insider access to Pentagon planners to keep their fat contracts.

Preserving competition

among defense contractors is crucial for making Gansler's plan work. More activist than Weidenbaum by far, he argues for a strategic plan in which the Department of Defense would set out how many firms it wants to continue competing in each weapons line and what public-private mix should be maintained. Beyond that the government would engage in guidance only and let the market decide which specific firms and plants survive in the business. But Gansler underestimates the forces now collapsing the industry into a few monopolistic and defense-dedicated firms. Rather than a full set of defense contractors, each of which is more diversified and whose ranks might be more easily joined by other commercial firms, we possess a "market" consisting chiefly of duopolies.

Gansler targets government laboratories and arsenals for privatization, claiming they are both inefficient and unnecessary. Parroting the industry line that the Defense Department is moving toward "socialism" and the Russian defense industry model, he argues that "experience has shown that publicly owned facilities are even harder to close or control than those in the private sector." But Gansler is able to make this argument only with a highly selective use of statistics. Using the 1987 Reagan peak as his base year, Gansler has the number of private defense jobs falling by 38 percent since then, and Pentagon civilian jobs falling by only half that. But if Gansler had used the Cold War low of 1976 as his base year, private defense contractors today employ 33 percent

more workers, while government defense labs and arsenals employ 17 percent fewer workers than they did 20 years ago.*

Gansler depicts the 108-member military depot caucus as "one of the largest and strongest 'lobbies' in the U.S. Congress." But managers of government depots can only hope to mobilize voters; they cannot spend public money on lobbying. Private-sector contractors can lavish defense-bred profits on political campaigns and often organize their employees and communities in high-visibility efforts to secure contracts. The Aerospace Industries Association and its big member companies are far bigger and wealthier than communities with depots.

Gansler's book has been embraced by an ascendant group of defense electronics contractors that would prefer to see the contested defense billions channeled toward weapons innovation. In fights over the composition of the defense budget, contractors clash with armed services officers who care less about rapid innovation than about their troops, whom they want to keep well trained to use their already pretty high-tech gear. A third contingent, consisting of the large manufacturers like General Dynamics, McDonnell Douglas, and Northrop-Grumman, are pressing to keep the cash flowing for F-16s, B-2 bombers, Seawolf submarines, and aircraft carriers. Technology policy elites love Gansler's vision.

* Harvey Sapolsky and Eugene Gholz, "Private Arsenals: America's Post Cold War Burden," forthcoming in Ann Markusen and Sean Costigan, eds., *Arming the Future: A Defense Industry for the 21st Century* (Council on Foreign Relations).

Former Secretary of Defense William Perry was solidly in this camp; current Defense Secretary William Cohen, with military bases and a huge, commercially uncompetitive General Dynamics shipyard in his home state, is more likely to want to keep older production lines "warm." A politically viable conversion strategy needs somehow to reconcile the concerns of all three groups. The Quadrennial Review, which envisions troop reductions providing the greatest savings in the defense budget, suggests that the two defense industry groups may be gaining at the expense of the manpower advocates.

Beyond *Spinoff*, *Defense Conversion*, and *Small Wars*, *Big Defense* are all long on what ought to be done but short on how to do it politically. Still, all three books have been influential. Weidenbaum's book provided intellectual support for Republican anti-conversion arguments, while *Beyond Spinoff* and *Defense Conversion* laid out cogent rationales for the technocratic Democratic approach. But none of these books anticipated the way in which the Iron Triangle upset the best-laid plans. A top Commerce Department official, facing last year's congressional attacks on Clinton's favorite technology programs, lamented to me that "we just didn't make our case well enough."

But Clinton's programs needed more than better salesmanship to counter the initiatives launched from the executive suites of top defense contractors like Lockheed Martin, Loral, McDonnell Douglas, and Gene-

ral Dynamics. Pooh-poohing dual-use and conversion initiatives, the industry argued disingenuously that it was conducting a highly specialized and commercially uncompetitive business and that defense cuts were threatening its existence. It demanded three things instead: first, massive new subsidies and permission to export arms more promiscuously; second, relaxed antitrust oversight complemented by equally massive new subsidies for mergers among the largest, most defense-dependent companies; and third, extensive privatization of military laboratories, arsenals, and depots.

The Clinton Defense Department acquiesced, despite the clear threat to the dual-use agenda. The \$2 billion officially dedicated to "conversion" under Clinton was swamped by the billions more that Secretary Perry granted to defense companies for export promotion and for ephemeral "savings" from defense mergers. The Iron Triangle has been fortified. Consequently, the ability of national political leaders to shape the defense industrial base has diminished.

A NEW DEAL FOR THE MILITARY

Two other recent books provide welcome historical perspective, probing the vast and obdurate security state and contemplating the enormous institutional overhaul needed to bring American defense industrial policy in line with post-Cold War realities. In *Forging the Military-Industrial Complex*, political sociologist Gregory Hooks argues that the defense program is first and foremost an exercise in

industrial planning, with decision-making power lodged in the Pentagon. His project is to understand why this arrangement has persisted even though it runs counter to American beliefs about the proper relationship between government and business.

Hooks makes a unique and brilliantly researched case that the origins of the modern security state lie not in the emergence of the Cold War but in World War II. During the New Deal, power became more centralized in Washington. Planning became a legitimate government practice for addressing social welfare and security. As the country mobilized for war, Roosevelt pushed much of this social planning apparatus to the side, while handing over to the Pentagon the tools and credibility required for extensive government management of private-sector activity. The Pentagon's new planning powers, including extensive control over finance for building new defense plants and awards of enormous procurement contracts, led to historically unprecedented cooperation between the Pentagon and its corporate providers. In the process, public wariness of defense contractors, which in the 1920s and 1930s had been cast as war profiteers and "merchants of death," subsided.

The wall of separation between the military and civilian industrial sectors was also, Hooks argues, a product of business-state relations during the war. As a reward for lending the Pentagon "dollar-a-day" men to manage the defense industrial effort during the war, the nation's largest commercial companies won the right of self-

governance after the war, when many New Deal labor and industrial planning initiatives were eliminated. Only the distinctive segment consisting of aircraft, defense electronics, and shipbuilding remained Pentagon-dependent. The larger business community was willing to tolerate Pentagon planning in these narrow defense-dedicated segments, because the state had adopted a more laissez-faire attitude toward industry as a whole.

C. Wright Mills contended that military officers, once "only uneasy, poor relations within the American elite," achieved enhanced stature during and after World War II. Hooks argues that they won this new status during the construction of the national security state. As New Deal planning practices mutated into national security forums, military officers—not New Dealers or business leaders—emerged as the nation's planning elite and, joined by civilian specialists from within the Iron Triangle, have enjoyed relative autonomy since that time. As national security has become increasingly dependent on industrial planning, military officers and their civilian overseers have been able to define and implement industrial policy despite the reservations of prominent business leaders.

Several times in the postwar period, presidents and Congress have tried to limit the purview of this technocratic bureaucracy by deliberately creating new civilian agencies independent of the Pentagon—the Atomic Energy Commission, the National Aeronautics and Space Administration, the Arms Control and

Disarmament Agency, and the Department of Energy—to pursue nonmilitary applications and influence industrial development in specific sectors. But in every case, as Hooks points out, most of the resources ended up directed to military ends. Even President Reagan, despite his staunch ideological opposition to big government, strengthened the Pentagon's industrial reach with the Strategic Defense Initiative ("Star Wars"), which Hooks calls "the most ambitious and expensive scientific and industrial policy ever proposed in peacetime."

By focusing on military bureaucracies, Hooks fills in a crucial gap in contemporary interpretations of postwar capitalist development. He suggests that the process of appropriating New Deal social planning techniques for the national security effort that took place during World War II might be reversed now that the Cold War is over. Unfortunately, he doesn't tell us how exactly to go about this or how to generate popular support for such an effort. The American security state may atrophy slowly over time, but it is unlikely to shrink to a size appropriate to smaller post-Cold War missions. The power exercised by the mature, well-organized defense-dependent industrial coalition outside of the state will not permit it.

REAL SECURITY

Gregory Bischak's essays in the collection *Real Security* offer the best modern characterization of what I like to call "supply-side resistance" to post-Cold War downsizing and institutional reform. Bischak, an economist

and until recently the director of the National Commission for Economic Conversion and Disarmament, shows how extensively (if selectively) the security state reaches into civil society. Over the Cold War period, the Pentagon secured support and legitimation in the broader society by giving a number of important sectors an economic stake in maintaining a high level of preparedness. And by offering a consulting role to these sectors, the Pentagon created the impression that the planning process is relatively open.

Bischak does a better job than Hooks of making clear the ability of political and economic interests, especially defense contractors, to influence security policy.

In Bischak's account, contemporary resistance to Pentagon reform and budget downsizing inheres in the de facto planning powers that have devolved onto the largest private-sector defense contractors. As military technology has become increasingly important relative to manpower, the initiative for fashioning national security policy has been shifting toward the research labs and drawing boards of these companies, which know more about the technologies they are creating than do their clients in the Pentagon. National security concerns endow this process with a high degree of secrecy, which further removes it from public scrutiny. Through their research and development programs and

their seats on Pentagon advisory committees, the corporations wield considerable power to promote the arms race.

Bischak makes Adams's Iron Triangle an iron pentagon by adding two more angles—the physical branches of science and organized labor. Few Americans know that 69 percent of aeronautical engineers, 50 percent of

oceanographers, and 34 percent of physicists and astronomers are dependent on Defense Department projects, or that among blue-collar workers, 50 percent of

Physical scientists and engineers are still heavily dependent on Pentagon projects.

aircraft assemblers and 20 percent of machinists are similarly dependent. Professional associations and trade unions provided support and legitimacy for the ongoing implementation of Cold War and associated industrial planning, and leaders in these fields have often been reluctant to call for defense spending cuts and transfer of resources to civilian agendas. Some prominent physicists, for instance, have quietly pressed for continued, expensive nuclear weapons research because otherwise "there will not be money for physics."

At last year's annual American Association for the Advancement of Science's Science and Technology Colloquium, economist after economist admonished the hundreds of scientists and engineers in attendance that their biggest competitor for science and technology spending will be entitlements. What the econo-

mists failed to mention, however, was the newly restored \$11 billion in military pork barrel projects, an amount that could amply fund science and technology projects threatened with extinction.

Defense contractors, meanwhile, will continue to market whatever national security threat is consistent with the highest possible levels of spending. In the 1980s, in interviews with dozens of defense contractors around the country, I was methodically subjected to the same lecture on "the Soviet threat" before I was permitted to ask any questions. Today, the lecture would stress rogue states, or the more nebulous and unfalsifiable "it's still a dangerous world out there." Precisely because we don't know who our enemies are, this logic goes, we need to spend more defending ourselves against their surprise emergence.

Bischak, like Hooks, provides too few specifics on how to achieve the badly needed overhaul of the military industrial complex. But he does suggest where to find the political leadership for such an effort: in the scientific community. In a number of prominent historical cases, dissident scientists have challenged the technocratic basis for defense policies—on the effects of fallout from atmospheric testing, on the health and safety of nuclear weapons production facilities, on the deployment of antiballistic missiles. Indeed, dissent, debate, and organizing among physical scientists helped to build opposition to Reagan's extravagant Star Wars plans, a campaign marvelously translated into some of the period's best car-

toons. Bischak argues that an activist campaign of scientists and engineers might be able to free scientific talent from its heavy reliance on the Pentagon and might reform the relationship between government and science. Indeed, this is what the *Beyond Spinoff* authors hope for with a civilian technology initiative, though with perplexing circumspection about the need to significantly downsize defense.

Bischak also looks to labor. Noting a number of historical instances when national union leaders have aggressively pushed for conversion and even spending cuts, Bischak says that disproportionate downsizing following defense cutbacks might mobilize labor to fight for conversion programs today. After all, defense companies are widely outsourcing and subcontracting, with resulting job loss shockingly outpacing sales shrinkage. From 1989 to 1994, Northrop's sales declined 5 percent in real terms—but its workforce declined by 27 percent. Similarly, McDonnell Douglas's sales fell by 2 percent, its workforce by 49 percent; Rockwell's sales fell by 11 percent, its workforce by 34 percent. And while Lockheed Martin *increased* its sales by 34 percent, it still cut almost 10 percent of its workforce, a pattern mirrored at Hughes and TRW. Some of this disparity results from displacement of jobs into subcontracting sectors but much of it is also due to productivity gains and offsets—agreements to produce large portions of weapons systems in buyer nations. It is for good reason that all over the country, unions have called for activist conversion planning in the 1990s. One weakness

in union support for conversion, however, is that organized labor tends to call for conversion programs when cuts are necessary, but rarely opposes defense buildups and in fact lobbies strenuously for individual weapons sales when jobs are at stake.

THE UNFINISHED PROJECT

Sadly, neither the dual-use proposals of the scientists and technologists nor the conversion ideas of trade unions and peace activists have fared well under the Clinton administration. At the President's Economic Summit, that heady gathering of the newly powerful in Little Rock in 1992, the very first "call-in" for the President-elect and his roundtable of advisors came from a laid-off McDonnell Douglas worker from Long Beach, California, a single father of five who had been pointedly selected for the purpose by National Public Radio's John McChesney. It was a poignant moment. The caller's voice emanated from a loudspeaker hung at the apex of the huge hall, some hundred feet above Clinton, and it was as if the collected cast were suddenly looking to heaven for guidance. Summarizing his predicament, the caller said simply, "What are you going to do for me, Bill Clinton?" Clinton seemed tongue-tied and passed the buck around the table. A bit later, thoughts collected, he stressed his commitment to infrastructure and an aircraft industry policy.

But during the entire summit, where long analyses of the deficit problem, the welfare bureaucracy, and the health care crisis were served up with dazzling multicol-

or charts, not one presenter was invited to address the post-Cold War defense budget or the Pentagon bureaucracy. It is difficult to imagine Clinton saying he planned to end the Cold War as we knew it. In fact, no president since Eisenhower has possessed the credentials to warn against the excessive power and intolerable expense of the industrial-bureaucratic nexus formed around the Pentagon.

Meanwhile, despite the naysaying, a considerable amount of conversion has actually taken place. If considered broadly as the transfer of people, technologies, capital, and facilities to nondefense activities, the majority of firms of all sizes have managed to decrease their defense dependency and to increase sales to civilian markets. Many have made extraordinary efforts to shift gears internally, instituting cost consciousness in design and production, and bringing in outside talent, especially in marketing.* Their modest success only underscores what might have been accomplished with a clear government program and effective conversion assistance. Unfortunately, by the 1990s, policymakers had for-

gotten the success of the GI Bill, the Marshall plan, and local business initiatives via the Committees for Economic Development, and left the business of conversion up to the firms themselves.

IRON GEOMETRY

Conversion works. So, however, does the Iron Triangle. Where private firms and communities have succeeded, they have done so despite Wall Street pressures to remain defense dependent, more in spite of the federal government (which provides too many incentives to remain defense dependent) than with help from it. In the United States, intensive research based on firm interviews and surveys is beginning to yield definitive evidence on where government assistance has been most successful: Government has been most effective in providing alternative markets for firms (mostly at the national level) and at providing timely technical assistance and bridging finance (mostly at the state and local level).

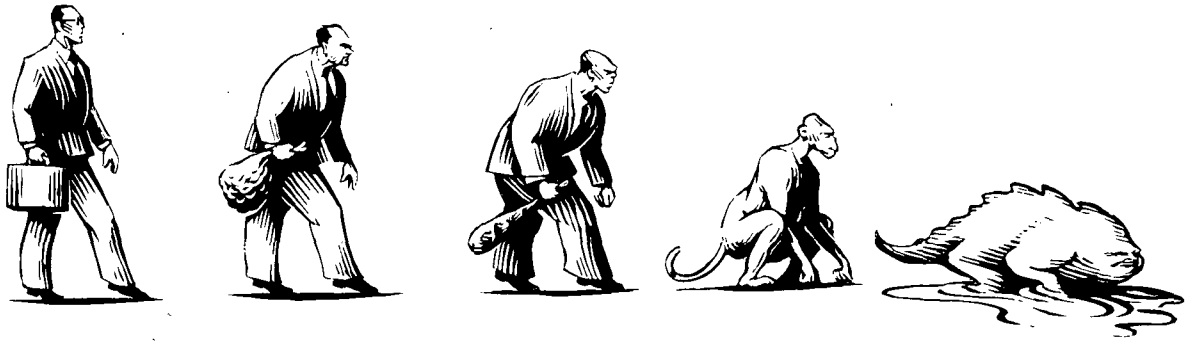
Yet the military industrial complex, for all its glamour and command over high-tech human resources, is but a modest portion of the American economy. Now down to about 5 percent of gross domestic product, albeit with a disproportionately large hold on American high-tech research and output, it is hard to see why the complex should necessarily prevail in its efforts to keep budgets up, liberalize arms exports, fashion giant companies, and pursue a potentially destabilizing weapons research agenda. The explanation, as Hooks and Bischak demonstrate, lies in the

insularity of the Pentagon and its incestuous relationships with private-sector suppliers.

But the problem is also a failure of leadership. President Clinton's initiatives have fallen short precisely because he has been unwilling to rethink the security state and because he placed a cadre of high-tech military contractors and industry-friendly bureaucrats at the Pentagon's helm. Thus we will soon have to contend with the longer-term security consequences of a monopolized and internationalized supplier sector, where high-tech weapons funded in the U.S. proliferate worldwide.

The sparse population of academic analysts and critics with insider knowledge of how the security state operates are mainly talking to themselves. It may seem that Pentagon-industry overhaul is too complex and esoteric to attract public interest. But now the Cold War is receding into history. Military threats to our national interest have diminished. Global economic competition is intensifying. The problems of the poor and the elderly become ever larger social and fiscal challenges. Sooner or later, these facts will lead to upheaval at the Pentagon and force a reassessment of American defense conversion. Public vigilance at this juncture is badly needed. If America is to have a responsible military budget and an effective conversion strategy, advocates of employment, health, welfare, and environmental programs must speak out now. Defense planners should speak out, too: American security will best be served by a smarter, smaller defense program. □

* See Bonn International Center for Conversion, *Conversion Survey 1996* (Oxford University Press, 1996); Michael Oden, "Cashing-In, Cashing-Out and Converting: Restructuring of the Defense Industrial Base in the 1990s," forthcoming in Ann Markusen and Sean Costigan, eds., *Arming the Future: A Defense Industry for the 21st Century*; Jonathan Feldman, "Diversification after the Cold War: Results of the National Defense Economy Survey," Working Paper, Project on Regional and Industrial Economics, Rutgers University, January 1997.



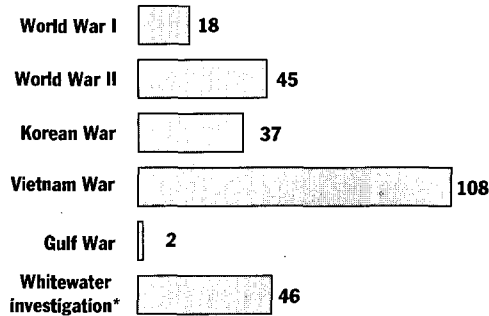
SEPARATIST ADVISORIES

On May 9, shortly after Republic of Texas separatists surrendered, another group of separatists briefly took over the Campanile in St. Mark's Square to declare the rebirth of the Republic of Venice, which has not been seen for 200 years. After these two improbable events, you may be wondering: Where will separatists strike next, and how should that affect my travel plans this summer?

You might think twice about going to California. This year happens to be the 150th anniversary of the defeat of the Republic of California, which briefly existed between 1846 and 1847 before being absorbed into the United States. If California separatists were to strike, they might hit Sonoma (where the Republic was declared) or Los Angeles (where the Californios were defeated by federal troops under General John Fremont). In the event of an outbreak, however, beware of agents provocateurs from Oregon trying to encourage California to secede.

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LOST THEIR CENSUS?

Republicans in Congress are resisting Census Bureau plans to use sampling techniques in the year 2000 to make a more complete count of the population, particularly of urban minorities who have historically been undercounted. A letter from the Republican leadership says, "We must physically count each and every American." The Republican leaders are apparently unaware that for decades the Census has actually been imputing characteristics (including size) to many households that

don't respond to questionnaires.

If the undercounted were fundamentalist conservatives, we can imagine how quickly the GOP would discover the virtues of methodological flexibility. The Republicans' resistance to sampling is reminiscent of the reaction by the U.S. Chamber of Commerce to the first federal unemployment survey in the 1930s. The unemployment rate, the Chamber sniffed, was based only on a sample of the population and "a random one at that."

—Paul Starr



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MONEY FOR NOTHING?
Where's the Money Gone?, by Richard Rothstein and Karen Hawley Miles of the Economic Policy Institute, suggests that reports of increases in educational spending over the past thirty years have been exaggerated. Rothstein and Miles expose what they regard as the faulty adjustments that account for almost half of the purported increase in spending--most of which they claim has been used to fund supplementary programs, like special education, school lunch programs, and

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